

# MBOMBELA LOCAL MUNICIPALITY



## **Annual Report 2011-2012 FINANCIAL YEAR**

Annexure 102/13  
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## **FOREWORD OF THE EXECUTIVE MAYOR**

### **HONOURABLE COUNCILLOR L C DLAMINI**



The year under review (2011-2012) was very challenging to the incoming leadership as we had to adopt the IDP and the Budget which were crafted and approved at the end of the previous term of office. These challenges ranged from an undesirable financial position of the municipality to increased demands from our communities for services. The incoming leadership had to literally hit the ground running, responding to these demands compounded by having adopted a stepchild IDP and Budget. The situation necessitated that we make difficult choices. Choices that made us prioritize certain things over others due to the resources we have to maintain and grow the city to achieve the status of a city of excellence, while at the same time addressing the serious backlog challenges that are faced by the previously disadvantaged areas where the majority of our communities reside.

Our municipal infrastructures is in dire need of investment, maintenance and upgrades we thus have to focus our efforts in maintaining the existing infrastructure, investing in new, using private and public resources or a combination of both as well as exploring various delivery and funding options in delivering on this noble ideals and objectives, that we have to do and make sure that we extend the level of services to the previously disadvantaged areas, whilst not neglecting our obligations to consistently and continuously invest in the traditional nodes, the pride of our glorious city. Almost all our 39 wards have prioritized water and we dare not fail them on this basic and yet very fundamental need as enshrined in the constitution.



Despite all these challenges, the municipality managed to somewhat fulfil its mandate to provide basic services. This feat was confirmed when Mbombela received an unqualified audit opinion for the year under review. We hope that the next financial years will present an opportunity for this leadership to contribute and shape its own plans that it can pride itself with.

As the municipality's new political leadership, we intend to capitalize on the strengths of our predecessors, whilst improving on the areas where performance is less desirable. We are committed to work together with our communities and stakeholders to improve the lives of our communities residing within the borders of Mbombela Local Municipality

The IDP document for 2011-2016 and Medium Term Revenue and Expenditure Framework (MTREF) for 2011/2012 – 2013/2014 was approved by Council on the 11th May 2012, while the 2011/2012 Service Delivery and Budget Implementation Plan (SDBIP) was approved on 27 September 2011. The SDBIP was aligned to the approved Integrated Development Plan and Budget. However, a budget adjustment was approved by Council on 28 February 2012. The budget adjustment had an effect on the approved IDP and SDBIP as there are projects that changed due to the budget adjustment. It is for this reason that the IDP projects and SDBIP were amended and approved by Council on 29 March 2012.

The main aim of the 2011/2012 annual report is to report the performance of the municipality against targets sets in the revised SDBIP.

Highlights have been singled out in our achievements for the 2011/2012 financial year as per the information below:

- The project to provide 300 households with water is 80% complete
- 2320 households received VIP toilets
- 371 households were provided with a legal electricity connection for the first time
- 10.3km of roads were upgraded from gravel to tar
- Seven graders were bought and delivered to expedite fixing of roads particularly in peri-urban areas.
- 4 pedestrian bridges were built
- 87.5% of funded positions were filled
- 10 new external bursaries were given
- The payment level in billed areas was 95.4%
- 45 people were trained in economic related activities and were employed as a result
- 77 councillors and 505 employees were trained to improve their capacity to deliver better services to communities
- Hosted a successful Economic Summit that also included International Guest Speakers
- Signed a partnership agreement with the City of Sunderland in England that resulted in job linkage centre in Msogwaba

The year 2013 will be another significant milestone for Mbombela as we will be welcoming the rest of the African continent into the municipality during the Orange AFCON 2013. Our citizens can look forward in anticipation to another time of excitement as we did in 2010. The City and its citizen's commit to be an excellent host in consonance with our warm Ubuntu values. The event will definitely benefit our people through the tourist spend. Investments that have been made in infrastructure will continue to be utilized prudently.

Working together, we can certainly do more in building a ***"City of Excellence"***.

**CLLR L C DLAMINI**  
**EXECUTIVE MAYOR**

## LIST OF ACRONYMS

<b>AIDS:</b>	Acquired Immune Deficiency Syndrome
<b>ARC:</b>	Agricultural Research Council
<b>BAC:</b>	Bid Adjudication Committee
<b>BCE ACT:</b>	Basic Conditions of Employment Act
<b>BEC:</b>	Bid Evaluation Committee
<b>BI :</b>	Business Intelligence
<b>CBD:</b>	Central Business District
<b>CBP:</b>	Community Based Project
<b>CCTV:</b>	Close Circuit Television
<b>CDW:</b>	Community Development Worker
<b>CLGF:</b>	Commonwealth Local Government Forum
<b>COGTA:</b>	Cooperative Governance and Traditional Affairs
<b>CRM:</b>	Customer Relations Management
<b>CSIR:</b>	Council for Scientific and Industrial Research
<b>CWDS:</b>	Central Waste Disposal Site
<b>DEDET:</b>	Department of Economic Development and Tourism
<b>DoL:</b>	Department of Labour
<b>DRP:</b>	Disaster Recovery Plan
<b>DTI :</b>	Department of Trade and Industry
<b>DTS:</b>	Data Transformation Services
<b>DWAF:</b>	Department of Water Affairs and Forestry
<b>EAR:</b>	Electronic Attendance Register
<b>ECD:</b>	Early Childhood Development
<b>EDM:</b>	Ehlanzeni District Municipality
<b>EE :</b>	Employment Equity
<b>EIA :</b>	Environmental Impact Assessment
<b>EMS:</b>	Emergency Medical Services
<b>EOI :</b>	Expression of Interest
<b>EPWP:</b>	Expanded Public Works Program
<b>FY :</b>	Financial Year
<b>GRAP:</b>	Generally Recognised Accounting Practice
<b>HIV :</b>	Human Immunodeficiency Virus
<b>HR :</b>	Human Resources
<b>ICT :</b>	Information Communications Technology
<b>IDP :</b>	Integrated Development Plan
<b>IDZ :</b>	Industrial Development Zone
<b>IGR:</b>	Intergovernmental Relations
<b>IMQS:</b>	Name of a software programme that deals with infrastructure asset management
<b>INEP:</b>	Integrated National Electrification Programme
<b>IT :</b>	Information Technology
<b>KM :</b>	Kilometer
<b>KPA:</b>	Key Performance Area
<b>KV :</b>	Kilovolts

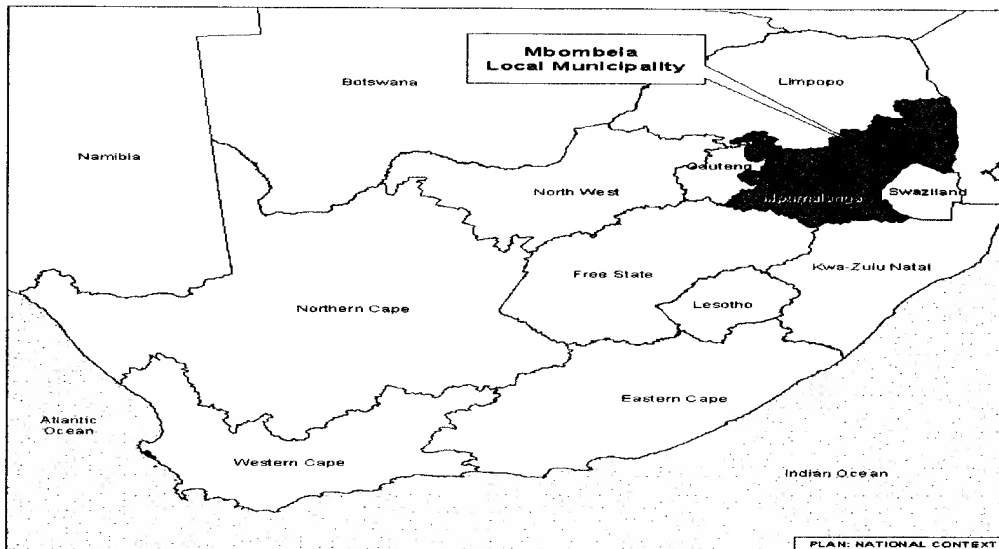
<b>LED :</b>	Local Economic Development
<b>LLF :</b>	Local Labour Forum
<b>LPU:</b>	Large Power Users
<b>LUMS:</b>	Land Use Management System
<b>MEDA:</b>	Mbombela Economic Development Agency
<b>MICE:</b>	Meeting Incentive Conference and Exhibitions
<b>MLM:</b>	Mbombela Local Municipality
<b>MM:</b>	Municipal Manager
<b>MMC:</b>	Member of Mayoral Committee
<b>MOU:</b>	Memorandum of Understanding
<b>MRAD:</b>	Mbombela Rural Agricultural Development
<b>MRM:</b>	Moral Regeneration Movement
<b>MVA:</b>	Megavolt Ampere
<b>NDPG:</b>	Neighbourhood Development Program Grant
<b>NST:</b>	Nelspruit
<b>PIACC:</b>	Provincial International Affairs Coordinating Committee
<b>PPCP:</b>	Public Private Cooperatives Partnership
<b>PSC:</b>	Project Steering Committee
<b>PTIS:</b>	Public Transport Infrastructure System
<b>RMC:</b>	Risk Management Committee
<b>ROD:</b>	Record of Decision
<b>SA :</b>	South Africa
<b>SARS:</b>	South African Revenue Service
<b>SCM:</b>	Supply Chain Management
<b>SDBIP:</b>	Service Delivery and Budget Implementation Plan
<b>SDF:</b>	Spatial Development Framework
<b>SQL:</b>	Sequel Query Language
<b>STW:</b>	Sewage Treatment Works
<b>TB :</b>	Tuberculosis
<b>TOR:</b>	Terms of Reference
<b>TRFR:</b>	Transformer
<b>TUT:</b>	Tshwane University of Technology
<b>UDZ:</b>	Urban Development Zone
<b>VIP :</b>	Ventilated Improved Pit
<b>WC :</b>	World Cup
<b>WR :</b>	White River
<b>WSDP:</b>	Water Services Development Plan
<b>WTW:</b>	Water Treatment Works
<b>WUL:</b>	Water Use License

# 1. OVERVIEW OF THE MUNICIPALITY

## 1.1 GEOGRAPHIC LOCATION

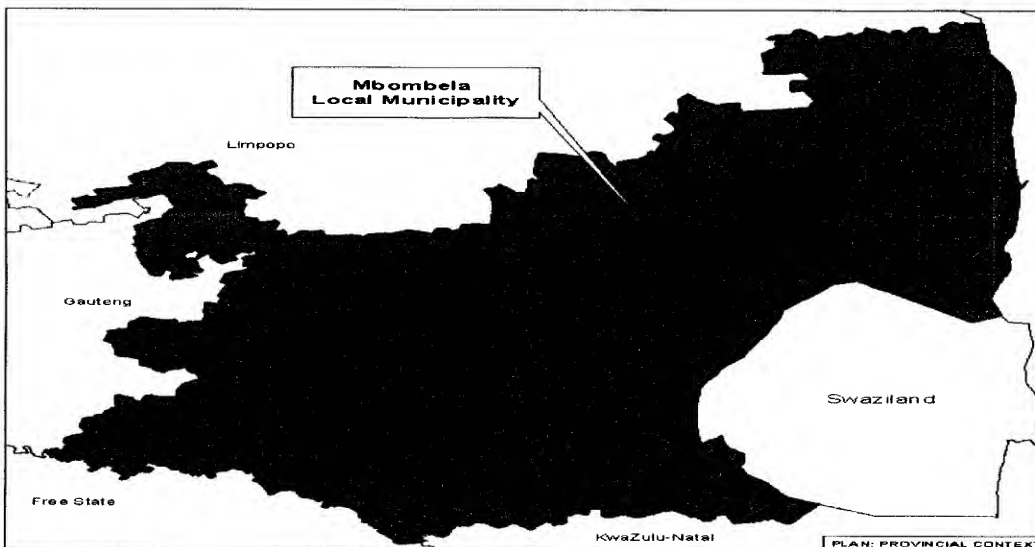
Mbombela Local Municipality (*Swati: A lot of people together in a small space*) is one of the municipalities of South Africa, located in the Ehlanzeni District Municipality, Mpumalanga province. The municipality was formed in 2000 by the merger of Hazyview, Nelspruit and White River Local Councils. The municipality is situated in the North Eastern part of South Africa within the Lowveld sub region of the Mpumalanga Province. Refer to figure 2.3a, b and c for location maps.

Figure 1.1a: National and Provincial context



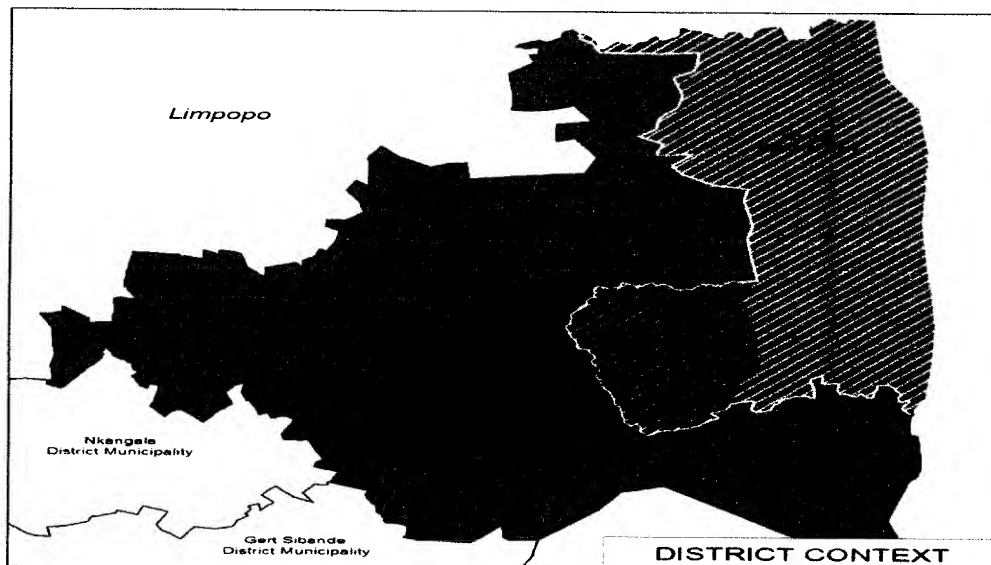
Source: MLM Draft SDF, 2012

Figure 1.1b: District context



Source: MLM Draft SDF, 2012

Figure 1.1c: Local context



Source: MLM Draft SDF, 2012

The metropolitan areas of Pretoria and Johannesburg are located 320 km inland, with the border post at Komatipoort approximately 120 km to the east and the Mozambican coastline being around 200 km away and 55 km from the famous Kruger National Park. Urban areas in Mbombela include Nelspruit, White River and Hazyview as well as former homelands towns such as Kabokweni, Kanyamazane and Matsulu.

The municipality is the capital city of the Mpumalanga province and the head office of the provincial government (legislature). The location and its status of a capital city provide the municipality with a competitive advantage as a corridor for growth and development. The city has two airports, Kruger Mpumalanga International Airport (KMIA) to the north east, and the general aviation Nelspruit Airport to the south west. KMIA is used for scheduled flights to Johannesburg and, less frequently, to Cape Town and other cities.

It is also a home of the Government Research Institute for Citrus and Subtropical Fruits, and the Lowveld Botanical Gardens. Nelspruit is a major stopover point for tourists travelling to the Kruger National Park, Mozambique and Swaziland.

## 1.2 MUNICIPAL PLANNING ZONES AND WARDS

The municipality is made up of 39 as per the new municipal demarcation and 5 planning zones for the purposes of administration and management. The zones include Nelspruit A, Nelspruit B, Nelspruit C, Hazyview and Nsikazi. The municipal wards increased from 36 to 39 and part of Kruger National Park fall within the municipal area as part of ward 39. Table 2.4 and figure 2.4 below show the municipal zones and wards.

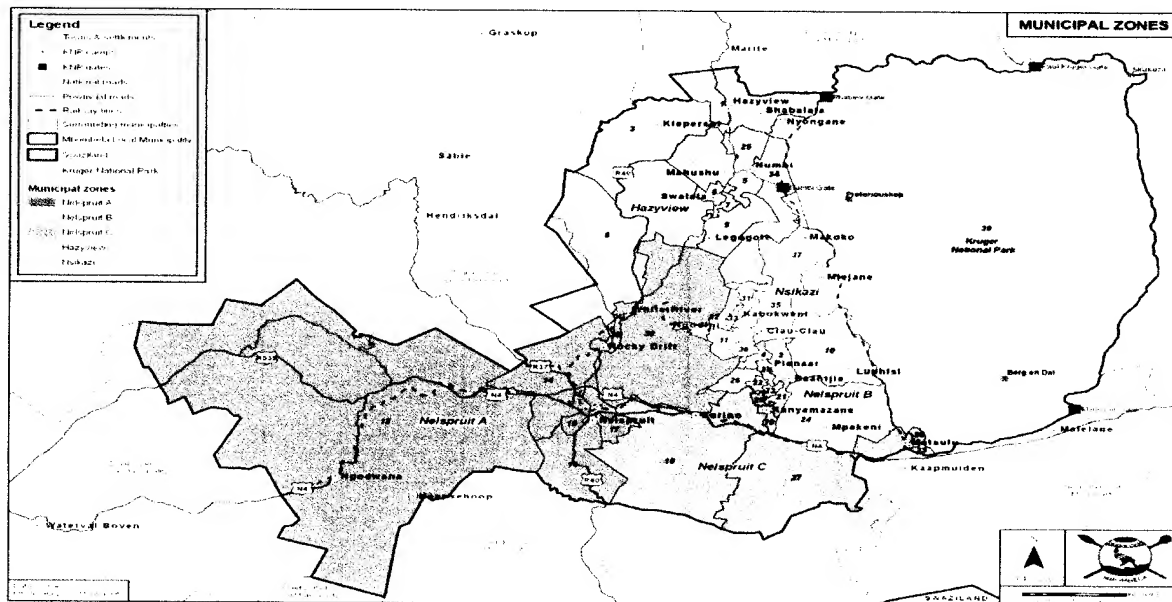
**Table 1.2: Municipal zones and wards**

<b>Municipal Zone</b>	<b>Wards</b>	<b>Areas</b>
<b>1. Nelspruit A</b>	12,14,15,16,17, 30 & 38	Nelspruit (Portion) Technical College, Laerskool Laeveld, Nelspruit Civic Centre, St Peters , Maggiesdal, Plot 9 Cromdale, Nelsville, Steiltes, Stonehenge, Sonheuwel, Bergland, Berlin Farm, Mashobodo, Popkrik, Mankele, Sudwala, Mikon, Schagen, Barvalley, Rivulets, Alkmaar, Burnside, Sterkspruit, Phumlani, Msholoji, Katoen, Valencia & West Acres, Matsafeni, Newscorn, Wood House & Sterkspruit. Kamagugu, Visagie farm, Exotica, Friedenheim & Seava, Mbonisweni, Backdoor, Phathwa, Hillview, Kamagagula, Vergenoeg farm, Part of White River, and Kruger Mpumalanga International Airport.
<b>2. Nelspruit B</b>	2, 4, 10, 21B, 22, 23, 24A, 26, 29 & 34A	Mluti, Zwelishana, KaMbongeni esikoleni, Mandlesive, Nkomeni, Mluti, Mkhumlakheza, Mahasini, Lubisi eNduneni, Mayibuye, KaRisha, eMarasteni, Part of Zwelisha, Phakani, Part of Zwelisha, Lihawu, Part of Gedlembane, Part of eMoyeni, eMamelodi, Maphakama, Vukasambe, Zwelisha, Zomba, Mafambisa, Bhayizane, Mhlume, eMkikitweni, Mgobampisi, Sizanani, Park Village, Bhodlimfene, Potsholoza, Mashonamini, Mdlankomo Section, Bhekisisa, Ncangozini, Dingindoda, Luphisi, Spelanyane, Duma Primary, Yedwa Primary, KaMasinga & RDP, Shishila Old store, EJ Sengwane Secondary, etiGubhini, KaMashego, KaMshizawebhasi, KaMthandi, Msogwaba Primary School, Blue Dan, Part of Kanyamazane e- 6, Eshishila, Esibayeni, Kamkeyi and Old Nkomeni, eMphakeni, Bonginhlanhla, Encakini, Sibuyile eKliniki, KaNtekati ward 7, Mthethomusha, Ka-Ogo, ngakaMhlabane esitolo, Maminza Section, Enkanini Section, eLangeni Section, Moyeni Section, Tekwane North Section A, B & C, Kahlophe, Duma, 123 Section, Entinkomeni section, Part of Mphakatsi, Mbokodo section, Jo slovo section, Gedlembane, Somcuba, Zwelishana, eZiweni ngaseKliniki, Part of Mphakatsi, KaTsela, Mayfern, KiaOra, Duma, eMankayiyane.
<b>3. Nelspruit C</b>	13, 18, 19, 20, 21A, 27, 28, 39A	Veza, Endzani, Estinini, Mandela Park, Nazareth, Esdzakaneni and KaBhejane, Newscorn, Zola, Enkanini, Thulani and Mashonamini, Mkhwakhweni , Matsulu B,D, Hoop, Youth Centre and Matsulu Entrance, Tekwane South, kaNyamazane FET or entrance, KaGezani, Entokozweni, Karino estate, Mayfern, KiaOra, Duma, eMankayiyane, Mgwenya , Longhomes, Entokozweni, Mahhala, Thembeke Informal, 1A & Thandulwazi, 1B & Sakhile, Section 2, 7,8,9,10 & 11, ZB Section, Mountain view, 20, 21 & Nazarene, Pholani & Kgotso, Dlamini, Entokozweni ext 1,2,3, Matrokisini, Vinto, ema 05, ema 31, e Way Inn, Sikhulile, ema 33, ema 35, ema 38, Nyongane, Part of Matsulu, Skukuza camp, Bergendal, Pretoriuskop, Mvangatini, Buyelani, Mdlamnkomo// Mjeane,

Municipal Zone	Wards	Areas
4. Hazyview	1, 3, 5, 6, 7, 8, 9, 25 & 34B	Shabalala, Mpunzana, emaNewstand, emaRDP, Section of eMoyeni, Part of Nyongane, Sgodiphola, Sandford, Numbi park, Hazyview CBD, Vakansiedorp, Elephant, Mphatseni, Mpumelelo, LosieLundanda, Madala, Hhobotane, Thulula, Mhlambanyatsi, Dayizenza/eNyokeni, Kiepersol mapulazini, Bhakiswayo, Part of Phola, Salubindza, Part of Gabheni, Buyelani, Mtshontshafremu, KaMadiela area, esitolo KaMashukela, Komani, esitoloKaMabuza, Legogote, Jerusalem eMaSwazini, Jerusalem eKhulani, Jerusalem e Centre, Newscom eMganduzweni, Phelandaba, Mganduzweni kaLewu, Swalala Goodhope, Jerusalem eMthunzini, Jerusalem e Roma, Emoyeni, Lindani, Khalazembe, Emhlumeni, Kanyaka, Legogote, Jerusalem eMaSwazini, Jerusalem eKhulani, Jerusalem eCentre, Newscom eMganduzweni, Phelandaba, Mganduzweni kaLewu, Swalala Goodhope, Jerusalem eMthunzini, Jerusalem e Roma, Emoyeni, Lindani, Cho-Cho Cho, Manzini, Tekatakho, Part of Phola, Mthunzini, Makgarule, Part of Maso, Sand River, KaMajika, KaMreku & Dindela, Phameni (Bhojwana, Esikoleni, KaNgomane, KaMnisi, KaZulu Units), Khumbula (Part of Khumbula& Block 1 Khumbula), Chweni (Sibeba, Mbolwane, Mtungwa, Scombantwana,Thembelihle, Gwegweneni, Numbi (Madalascom, Mashonamini 1, Gangisani, Minyani 1 & 2)
5. Nsikazi	10,11,31,32,33,35,36 & 37	Mafampisa, Bhayizane, Mhlume, eMkikitweni, Mgobampisi, Sizanani, Park Village, Bhodlimfene, Potshoholozi, Mashonamini, Mdlankomo Section, Bhakisisa, Ncangozini, Dingindoda, Luphisi, Spelanyane, Mangozeni, Success, Clau-Clau number 1, Clau- Clau Number 2, Clau-Clau Number 3 Supermarket, Siovo Park, Mhwayi, eMathuneni, TV, Mashonamini, Kgoleshe, Nkomeni

Source: MLM SDF, 2012

Figure 1.2: Municipal planning zones



Source: MLM Draft SDF, 2012



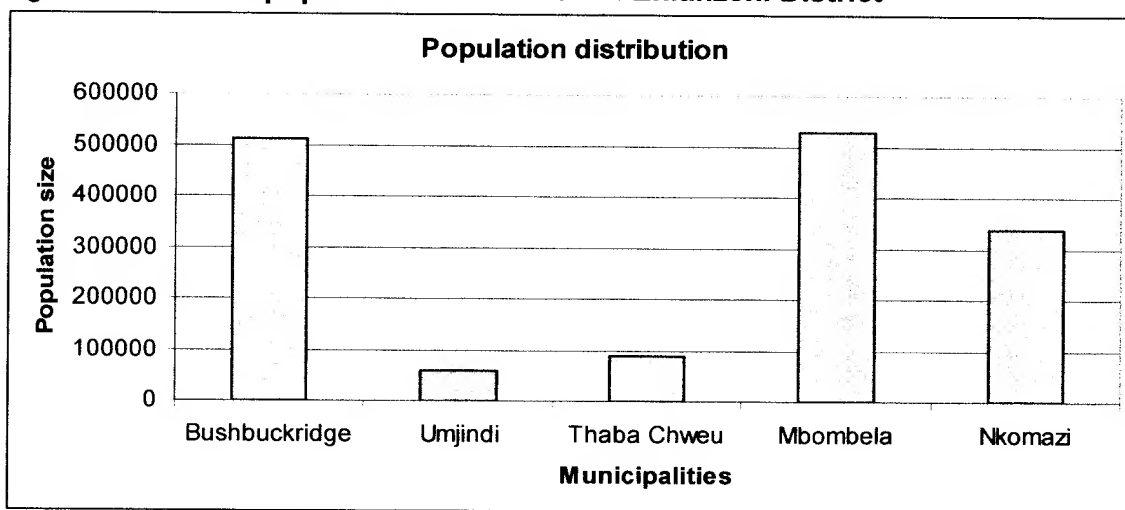
## 1.3 DEMOGRAPHIC OVERVIEW

### 1.3.1 Population size

The distribution and characteristics of the population of an area play a significant role in the ability of the area to deliver basic municipal services. MLM has the population of 527,203 which is approximately 35% of the total Ehlanzeni District population of 1,526,236 (Stats SA, 2001).

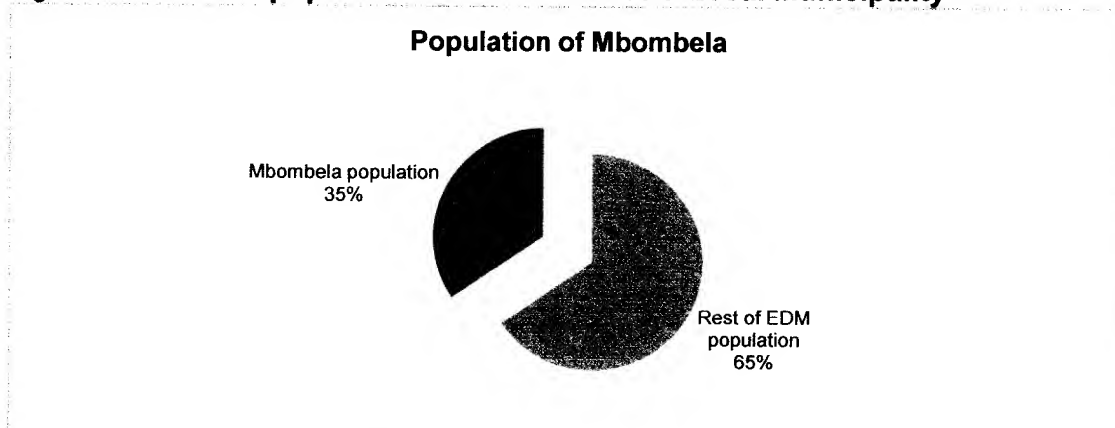
Figure 1.3.1a and b below show the population per municipality within the Ehlanzeni District Municipality.

Figure: 1.3.1a: The population distribution in Ehlanzeni District



Source: **Statistics SA Community Survey, 2007**

Figure: 1.3.1b: The population size of Mbombela Local Municipality



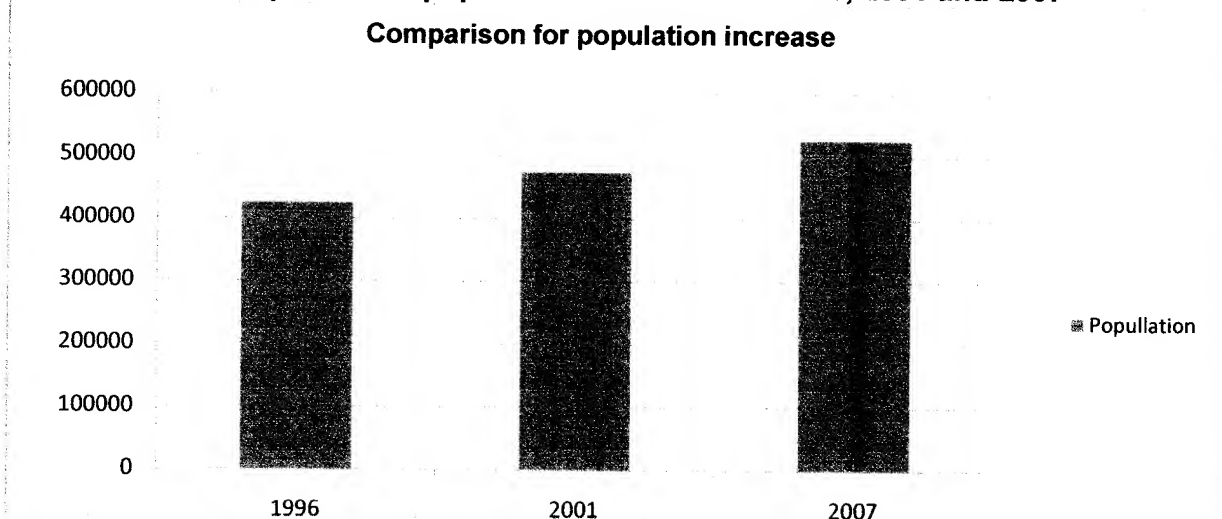
Sources: **Statistics SA Community Survey (2007)**

The above figures indicate that MLM has the largest population size within the Ehlanzeni District. It constitutes 35% of the total population and the rest of the municipalities constituting 65%.

### 1.3.2 Population growth

The population of the municipality is growing rapidly. The census count of 2001 revealed that the total population was 476,593 and has increased to 527,203 during the census count of 2007 (Stats SA, 2007). This implies that there was an increase of 10, 6 % from 2001 and 2007. Figure 2.5.2a shows the comparison of population from 1996 to 2007.

Figure 1.3.2a: Comparison of population estimated for 1996, 2001 and 2007



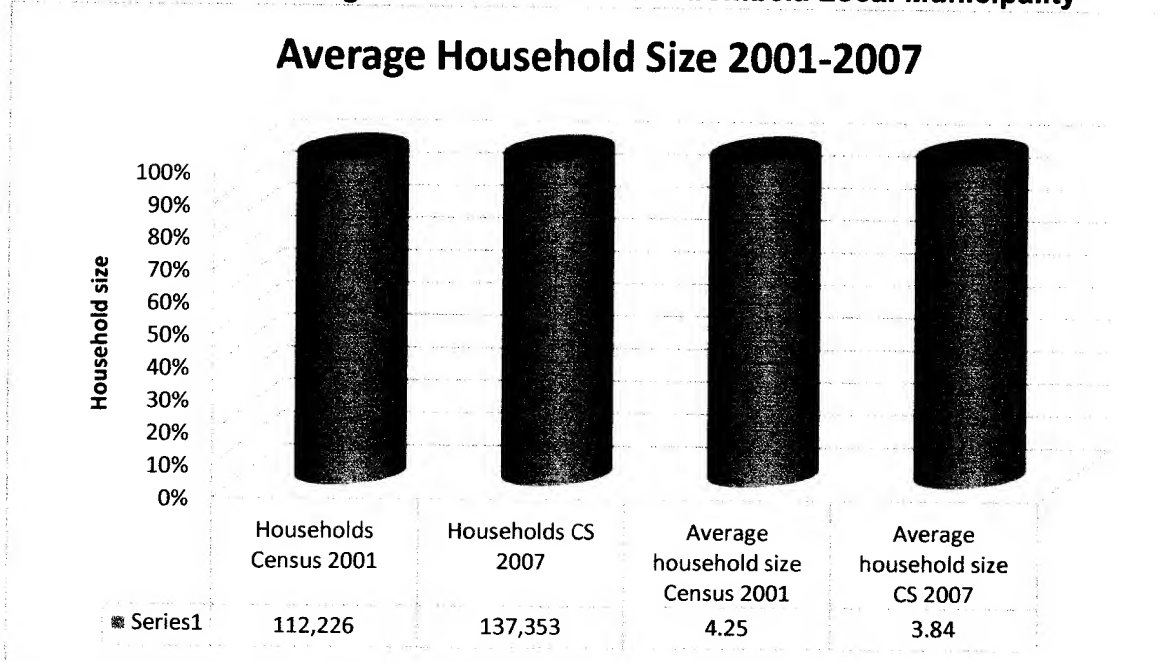
Sources: **Statistics SA 1996 & 2001 and Community Survey, 2007**

The above figure indicates that the population has increased since 1996 and 2007. The contributing factors might be the fertility rates, migration and influx of people from neighbouring countries, especially Mozambique and Swaziland.

### 1.3.3 Average household size

The municipality has the total households of 137, 353, equating to the average household size of 3, 84 persons (Stats SA, 2001). According to the Stats SA, 2007, the number of households has increased by 25,127, from 112,226 in 2006 to 137,353 household in 2007 respectively. Figure 2.5.3 below indicates the average household sizes in Mbombela.

Figure: 1.3.3: The average household sizes of Mbombela Local Municipality



Source: **Statistics SA, 2001 and Community Survey, 2007**

The increase in the number of household size has an impact in the planning and development of the municipality. This in other words means that the municipality must earmark land for residential development in order to accommodate those who will need the space to live.

### 1.3.4 Age and Gender

Age and gender of the population are the key determinant of population dynamic. Hence, they influence the current and future needs of the municipality. Table 2.5.4 below indicate the municipality's age and gender profile.

#### 1.3.4: Age distribution and gender profile

Description		Number	Percentage %
Age	Old Aged Residents >80	46692	9 %
	Middle Aged Residents > 50	71092	13 %
	Youth Residents >35	409419	78 %
<b>Total</b>		<b>527,203</b>	<b>100%</b>
Gender	Female Residents	267,516	51 %
	Male Residents	259,687	49 %
<b>Total</b>		<b>527,203</b>	<b>100%</b>

Source: **Statistics SA, 2007**

The above table shows that the majority of people in MLM are the young of 35 and below contributing to 78%, followed by middle age of 50 contributing to 13% and the old age of 80 contributing to 9% of the total population. The higher number of youth implies a need for educational provision, skills development (science and technology), sport development, health care and employment opportunities to the young people. This was evidence during the community consultative meetings

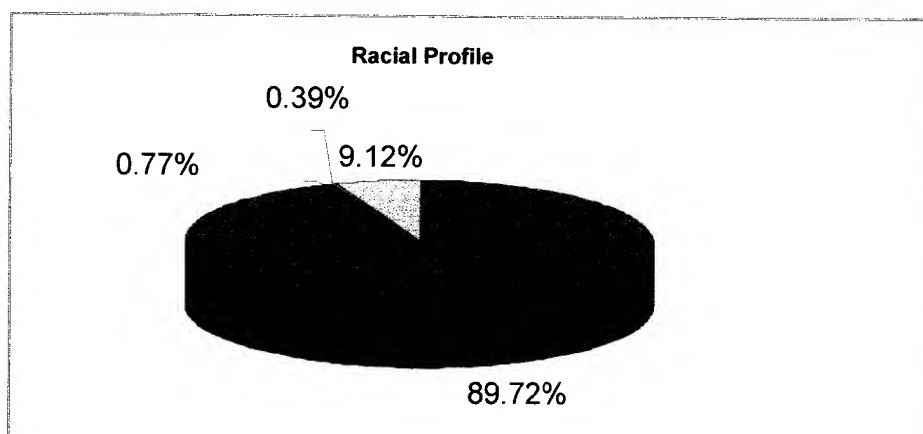
when the majority of wards raised the need for local economic development programmes and multipurpose centres.

The table also reveals that the majority of people are females constituting 51% while male constitutes 49% of the entire population. This requires the municipality to co-ordinate various programmes to support and empower females.

### 1.3.5 Racial profile

Community Survey, 2007 indicated that the municipality has 473,027 (89, 72%) Africans/Blacks, 48,091 (9, 12%) Whites, 4,040 (0, 77%) Coloureds and 2,046 (0, 39%) Indian or Asian. Moreover, the municipality's dominating language is SiSwati (89%), followed by Afrikaans (5%), English (3%) and 1% for IsiZulu, Sepedi and Sesotho. The approval of language policy by Council will assist the municipality to translate some of the key strategic documents (IDP and Budget) into Siswati in order to ensure that the majority of people understand the core business of the municipality. Figure 2.5.5 below shows the racial profile of MLM.

Figure 1.3.5: Racial Profile of Mbombela Local Municipality



Source: ■ African/ Black ■ Coloured □ Indian/Asian □ White

### 1.3.6 Employment profile

The municipality's eligible employed work force is estimated to be 165,594 (50.19%). The number of unemployed residents is estimated to be 52,290 (15.85%). This equates to be not economically active residents of approximately 112,071 (33.97%) in 2007. A highest unemployment is experienced in Nelspruit B, Hazyview and Nsikazi zones. Table 2.5.6 shows occupation per employment profile.

Table 1.3.6: Occupational profile per sector

Category of Occupation	Number of individuals	Percentage
Legislators, senior officials and managers	15,234	9.02%
Professionals	16,037	9.50%
Technicians and Associate Professionals	10,882	6.44%
Clerks	12,509	7.41%
Service workers, shop and market sales workers	16,424	9.73%

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Category of Occupation	Number of individuals	Percentage
Skilled agricultural and fishery workers	9,437	5.59%
Craft and related trades workers	22,807	13.51%
Plant and machine operators and assemblers	11,816	7.00%
Elementary occupations	32,225	19.08%
Occupation unspecified and not elsewhere classified	21,496	12.73%
<b>Total</b>	<b>168,867</b>	<b>32.03%</b>

Source: Statistics South Africa, 2007

### 1.3.7 Personal monthly income

The number of personal with an income less than R1 600 per month constitutes 41.3% and those who have no income constitute 42.60% of the total population in MLM. Only 11.45% of all earn more than R3 500 per month. Table 2.5.7 shows the personal monthly income of Mbombela Local Municipality.

Table 1.3.7: Personal Monthly Income

Description	Number of individuals	Percentage
No Income	222,666	42.60%
R 1- R400	113,409	21.70%
R401- R800	38,245	7.32%
R801- R1600	64,225	12.29%
R1601-R 3200	24,311	4.65%
R3201-R6400	17,524	3.35%
R6401- R12800	18,027	3.45%
R1201-R25600	9,817	1.88
R25601- R51200	2,692	0.51%
R51201- R102400	612	0.12%
R102401- R 204800	230	0.04%
R204801 or more	67	0.01%
Response not given	10,897	2.08%
<b>Total</b>	<b>522,722</b>	<b>100%</b>

Source: Statistics SA, 2007

From the above figure, the municipality has more household earning less than R1600.00 per month as compared to those who are earning more than R204 801 or more per month. The implementation of the LED programmes and EPWP will assist the municipality in creating more job opportunities to the communities. Moreover, it is anticipated that the LED strategy and SDF will also assist in identifying key areas that can assist the municipality to invest more money in projects that will create the job opportunities.

The above description of low income households are also entitled to the Free Basic Services offered by the municipality. The municipality is in the process of updating the indigent register to ensure that all those who cannot afford will be assisted. However, the lack or non-availability of basic services infrastructure limits the provision of such services.

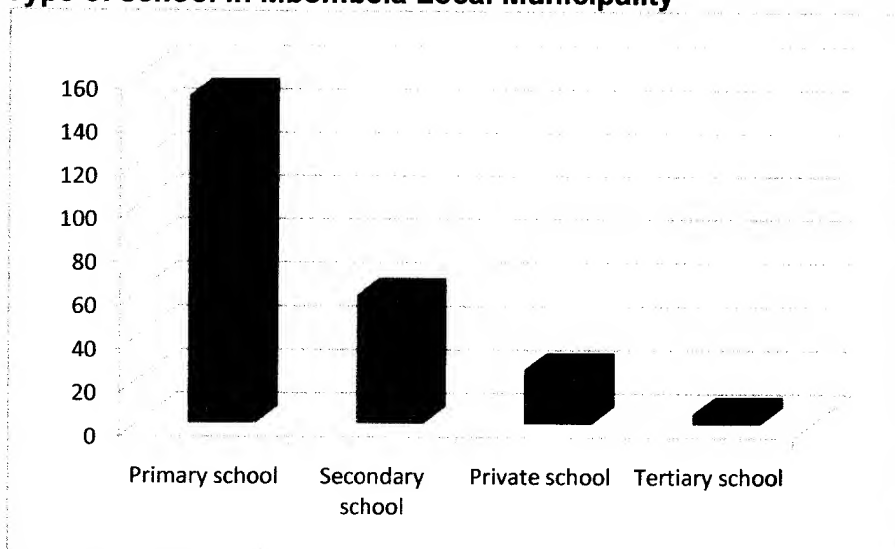
### 1.3.8 Education

Education expands the range of options from which persons can choose and this provides the opportunity to develop one's life to the fullest. Education does not only satisfy the human need with regard to knowledge and development, it also provides a means to an end. Moreover, education and training provide the person with the needed skills to enter the labour market or to become self-employed, leading to accelerated and sustained development.

According to Stats SA (2007), the level of education in the municipality is very low. About 11.32% of the sampled population of 527,204 has no schooling, 27.67% completed primary education, 6.11% completed primary education (Grade 1-7), 13.22% completed secondary education (Grade 8-12) and 8.71% completed higher education. Poverty and lack of access to educational facilities might be a contributing factor. Most wards raised the need for primary, secondary schools and tertiary institution particularly a university to increase access of education in the municipality. The municipality has the following educational facilities:

- 151 Public Primary Schools
- 59 Public Secondary Schools
- 25 Independent (Private) Schools
- 5 Tertiary Institutions.

Figure 1.3.8: Type of school in Mbombela Local Municipality



Source: Statistics SA, 2007

The figure above confirms that there is need for secondary and tertiary institutions in the municipality. This is one of the contributing factors to low education in the municipality. The training programmes such as ABET and FET Colleges will be of assistance to adults who never had schooling due to past education systems. A higher percentage of non applicable population is of concern as it affects the entire education picture of the municipality.

## 2. PERFORMANCE HIGHLIGHTS AND CHALLENGES

The municipality adopted its 2011/2012 SDBIP on the 27<sup>th</sup> September 2011. The SDBIP was amended on the 29<sup>th</sup> March 2012, following a budget adjustment process that was approved by Council on the 28<sup>th</sup> February 2012. The current annual report is based on the amended SDBIP targets.

**Table 5: The table below shows comparison of performance in 2010/2011 and 2011/2012 financial years per IDP Priority and Development Objectives. The comparison is also based on the set targets and achievements in each financial year.**

IDP Priority	Strategic Focus Areas	Key Performance Indicators	2010/2011 Financial Year		2011/2012 Financial Year	
			Target	Actual Performance	Target	Actual Performance
Respond to Service Delivery Backlogs	To Strengthen the Delivery of Basic Services and ensure Sustained Integrated Human Settlement supported by Infrastructure Development	Number of households to receive water connections in their yards	200	237	300	240
		Number of households to receive VIP toilets	672	1459	2419	2320
		Number of households that were provided with a legal electricity connection, for the first time	500	958	428	371
		Number of new streetlights installed	0	0	0	0
		Kilometres of roads to be converted from gravel to tar	4.4 km	3.1km	15.2km	10.30 km
		Number of pedestrian bridges built			4	4
Human and Community Development	To formulate a Broad Over-arching Human Capital and Community Development	Number of stands formalised	7500	6883	4000	4000
Institutional arrangement and development	To build strong sustainable governance and institutional structures and arrangements	% of funded positions to be filled	95%	84.34%	93%	87,5%
		Number of employees and councillors trained	20 Councillors and 20 employees	15 councillors and 25 employees	15 councillors and 280 officials	77 councillors and 505 officials
		Number of new external bursaries offered	N/A	48	20	13
		Number of new	N/A	220	60	86

IDP Priority	Strategic Focus Areas	Key Performance Indicators	2010/2011 Financial Year		2011/2012 Financial Year	
			Target	Actual Performance	Target	Actual Performance
		internal bursaries offered				
		Annual debtors collection rate (Payment level %)	92%	93.58%	92 %	95.4 %
		% of poor households registered on indigent register and receiving free basic services in serviced areas	100%	100%	100 %	The total number of approved households 12500
		Date of approval of a realistic and credible budget	30-June-11	11 May 2011	30 June 2012	31 May 2012
Social and Economic Development	To initiate a strong and sustainable Local/Regional Economic Development Potential	Number of people trained for economic-related activities	1500	350	200 (management and governance)	200 Cooperatives were trained on management and governance
Flagship projects					200 (Leadership skills)	200 cooperatives trained on leadership skills
		Number of registered cooperative as legal entities	3	10	36	18

## Water

Community members mentioned water shortages, poor water quality, interrupted supply and need for household connections as main priority areas that the municipality must address. As a response, the municipality was at 80% construction for a project to provide 300 households with water.

## Sanitation

The municipality responded to the sanitation backlog by building 2320 Ventilated Pit Latrine (VIP) toilets that were completed in 2012/2013 financial year.

## Electricity

New electricity connections were completed as reflected below.

- Number of new household connections = 371 households



## Roads and Storm Water

- 3.1km of roads were upgraded from gravel to tar during the financial year under review.

## Building Plan Approvals

Table 6: Building plan approvals for 2011/2012 financial year

Number of Outstanding Applications on the 01 <sup>st</sup> July 2011	Category	Number of applications approved during 2011/2012	Total value of applications approved (Rand)	Applications outstanding on the 30 <sup>th</sup> June 2012
53	Residential new	369	R498 646 194	102
100	Residential additions	371	R275 896 229	198
22	Industrial/Commercial	41	R236 109 360	31
14	Other (specify)Swimming pools, lapa, cell phone masts, etc.	6	R88 680	25

Value of Approved Work = **+R1billion**

Outstanding Applications = **356**

Applications Rejected = **54**

Actual Outstanding Applications = **302**

Table 7: The table below is a comparison of the number building plan applications approved in 2010/2011 and 2011/2012 financial years.

Category	Number of new applications approved during 2010/2011	Number of new applications approved during 2011/2012
Residential new	369	369
Residential additions	338	371
Industrial/Commercial	30	41
Other (Swimming pools, lapa, cellular phone masts, etc.)	11	6

Table 8: The table below illustrates new other land applications approved in 2011/2012 financial year.

Number of Outstanding Applications on the 01 <sup>st</sup> July 2011	Category or type of application	Approved applications in 2011/2012	Applications outstanding on 30 <sup>th</sup> June 2012
35	Amendment Scheme/Rezoning	31	24
49	Subdivision and Consolidation	41	14

63	Special Consent	29	6
369	Building Line Relaxation	69	13
8	Township Establishment	0	12

Table 9: The table below is a comparison of the number of new other land applications approved in 2010/2011 and 2011/2012 financial years.

Category or type of application	Approved applications in 2010/2011	Approved applications in 2011/2012
Amendment Schemes / rezoning	35	31
Sub-division and Consolidation	49	41
Special Consent Use	63	29
Building Line Relaxation?	369	69
Township Establishment	8	0

### Bursary Approvals

Table 10: Internal and External Bursary Information (Comparisons between 2010/2011 and 2011/2012 financial years)

NUMBER OF INTERNAL BURSARIES APPROVED IN 2011	NUMBER OF INTERNAL BURSARIES APPROVED IN 2012	NUMBER OF EXTERNAL BURSARIES APPROVED IN 2011	NUMBER OF EXTERNAL BURSARIES APPROVED IN 2012
152	131	34	41

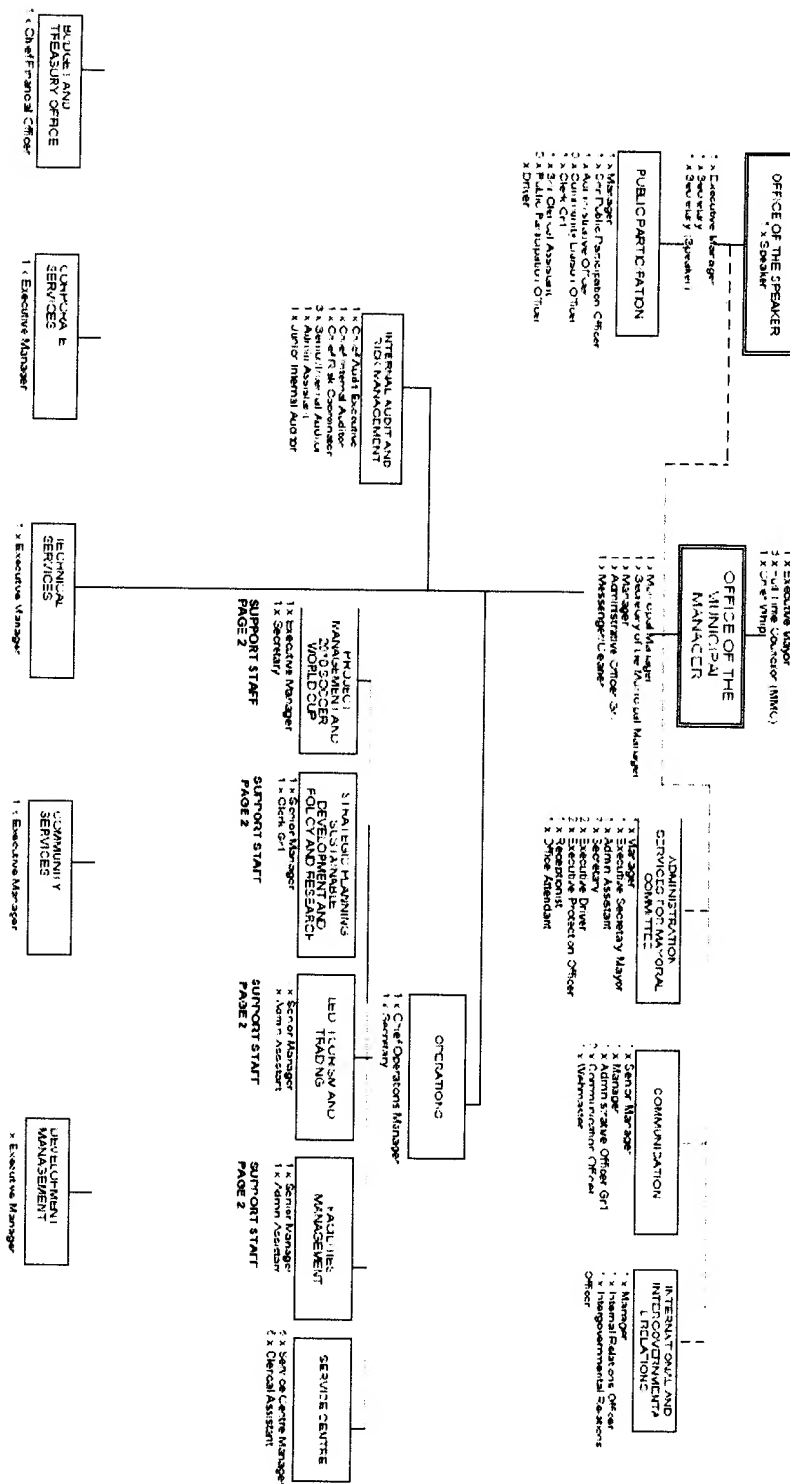
## 4. HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

The organisational structure for the municipality was adopted by Council on the 29<sup>th</sup> May 2008 (implemented in 2010/2011)

APPROVED 29/03/07  
AMENDED 28/11/07

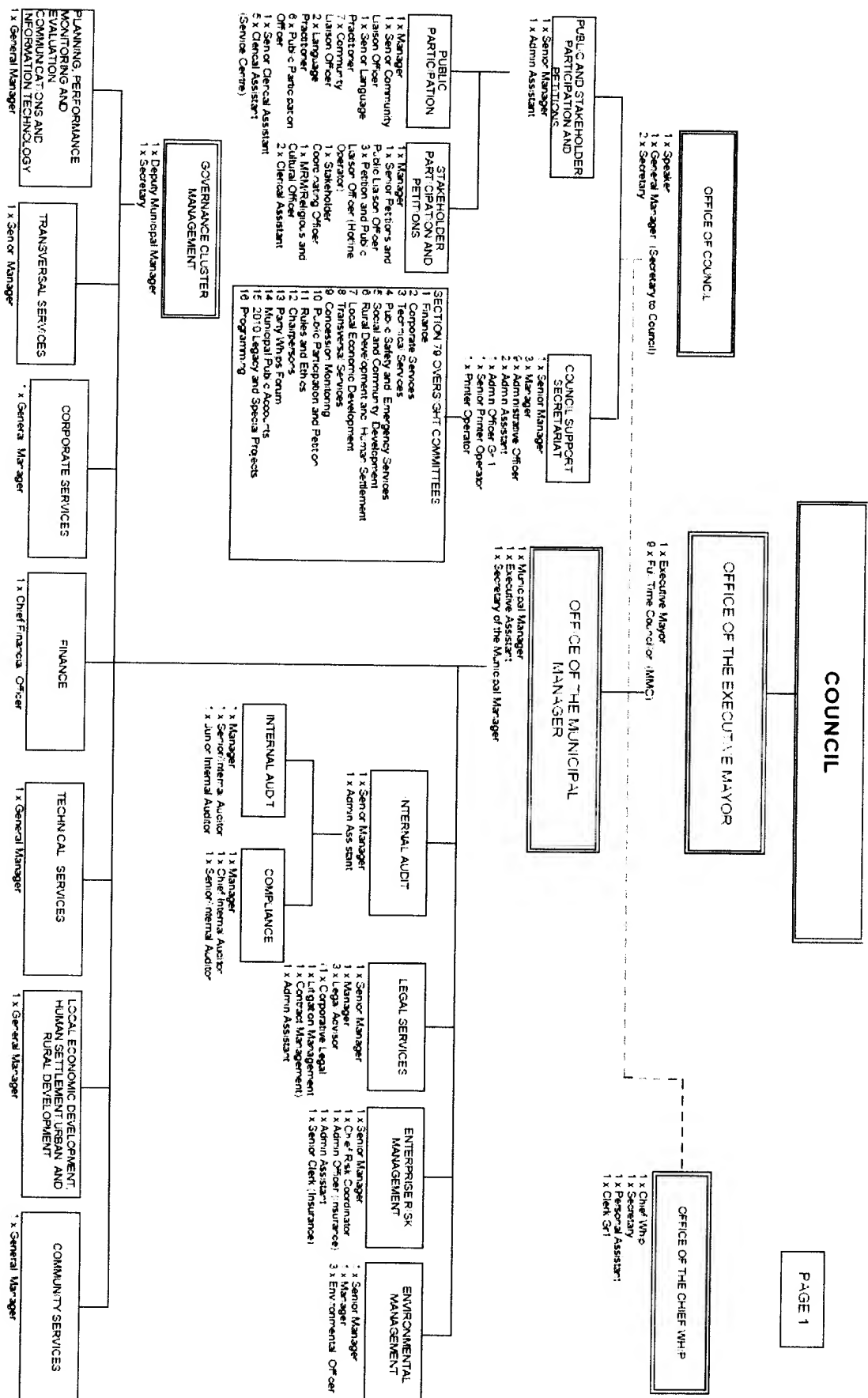
### APPROVED ORGANISATIONAL STRUCTURE FOR MECN BELLA LOCAL MUNICIPALITY

PAGE 1



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# The organisational structure for the municipality was adopted by Council on the 27<sup>th</sup> October 2011 (To be implemented in 2011/2012)



## Post Establishment Report for the 2011/2012 Financial Year

**Table 11: Post Establishment Report for the 2011/2012 Financial Year**

Department	Number of filled positions	Number of vacant funded positions	Number of vacant unfunded positions	Total
Office of the Municipal Manager	35	4	47	86
Governance Cluster Management	1	0	1	2
Planning Performance Monitoring and Evaluation, Communications and Information Technology	33	3	80	116
Transversal Services	10	2	10	22
Corporate Services	64	4	70	138
Finance	154	22	102	278
Technical Services	500	59	342	901
Community Services	800	101	1643	2544
Local Economic Development, Human Settlement, Urban and Rural Development	53	8	76	137
<b>TOTAL</b>	<b>1650</b>	<b>203</b>	<b>2371</b>	<b>4224</b>

## Workforce Profile

### Occupational levels

Table 12: The table below is a reflection of occupational levels of employees for period 1 July 2011 to 30 June 2012

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	0	0	0	1	0	0	0	0	0	4
Senior management	11		1	5	3	0	0	0	0	0	20
Professionally qualified and experienced specialists and mid-management	42	0	0	20	19			3	0	0	84
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	232	7	2	39	175	14	2	36	0	0	507
Semi-skilled and discretionary decision making	153	0	0	0	35	1	1	0	0	0	190
Unskilled and defined decision making	554	1	0	0	279	5	0	0	0	0	839
TOTAL PERMANENT	995	8	3	64	512	20	3	39	0	0	1664
Temporary employees	45	1		1	39			5	0	0	91
GRAND TOTAL	1040	9	3	65	551	20	3	44	0	0	1735

### Pension Funds

Mbombela Local Municipality employees' pension funds were administered under the following schemes during 2011/2012 financial year

- National Fund of Municipal Workers (NFMW)
- Municipal Employees Pension Fund (MEPF)
- Municipal Gratuity Fund (MGF)
- Municipal Councillors Pension Fund
- Joint Municipal Pension Fund
- Government Employees Pension Fund

2011/2012 Annual Report

### Medical Aid Schemes

The following medical aid schemes were utilised by Mbombela Local Municipality's officials for the 2011/2012 financial year

- Hosmed Medical Scheme
- SAMWUMed Medical Scheme
- Bonitas Medical Scheme
- KeyHealth Medical Scheme
- LA Health

Table 13: Trends on total personnel expenditure over the last five years compared to the total budget

Financial Year	Actual expenditure on salaries	% of salaries expenditure against total operating budget
2007/2008	192 370 414	29%
2008/2009	237 354 742	29%
2009/2010	298 870 083	27%
2010/2011	342 097 069	24%
2011/2012	377 396 147	24%

## **5. PERFORMANCE REPORTS PER DEPARTMENTS**

The service delivery reporting is consolidated according to the following six Strategic Focus Areas as stipulated in our 2011/2012 Integrated Development Plan (IDP) and the 2011/2012 Service Delivery and Budget Implementation Plan:

- To initiate a strong and sustainable Local/Regional Economic Development Potential and Sustainable Environmental Management
- To Strengthen the Delivery of Basic Services and ensure Sustained Integrated Human Settlement supported by Infrastructure Development
- To formulate a Broad Over-arching Human Capital and Community Development
- To build strong sustainable governance and institutional structures and arrangements
- To ensure legally sound financial viability and management
- To redefine strategic macro leadership and coordination structures involving the Local, District, Provincial and National Government



## A summary of the Mbombela development Objectives (Strategic Focus Areas)

Strategic Focus Area	Corporate Goal	Directorate Objective
To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management	<ul style="list-style-type: none"> <li>• Creating an enabling environment that attracts economic growth and become regional competitive</li> <li>• To develop and encourage rural development opportunities and activities</li> <li>• To develop the physical infrastructure and establish an urban planning strategy for improved municipal planning and development</li> <li>• Grow and Develop Mbombela Tourism Capability</li> <li>• Promote SMME development and Business Support</li> <li>• Transform the municipality to be responsive to business customer needs</li> <li>• 2010 FIFA Soccer World Cup as a catalyst for economic and infrastructure development</li> <li>• Sustaining natural environment</li> </ul>	<ul style="list-style-type: none"> <li>• Promote Mbombela as a preferred investment destination and increase investment by 10%</li> <li>• Stimulate key Sectors of the economy that promote economic growth and create jobs</li> <li>• Institutionalize an active e and collaborative stakeholder advisory group for LED strategy development and implementation</li> <li>• To explore the opportunities for mineral, natural resource and agricultural development as a catalyst for rural development</li> <li>• Initiate and produce an urban planning strategy including identified zones for economic development</li> <li>• Increase the number of tourist visiting Mbombela</li> <li>• Promote and develop new enterprises</li> <li>• By 2011 improve business processes, liaison so that business survey indicate 50% of satisfaction rating</li> <li>• Improve Infrastructure development for 2010</li> </ul>
To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development	<ul style="list-style-type: none"> <li>• Provide universal access to basic services</li> <li>• Development, regulate and manage built environment</li> <li>• Improve public Infrastructure Maintenance</li> <li>• Improve public transport system</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce household, schools and clinics backlogs in line with national objectives for basic services</li> <li>• Upgrade of road infrastructure</li> <li>• Promotion of integrated human settlements</li> <li>• Develop and implement efficient building, land use control system</li> <li>• Reduce level of services interruptions through maintenance</li> </ul>
To formulate a broad overarching human capital and community development	<ul style="list-style-type: none"> <li>• Develop the built and human infrastructure capability needed for business growth</li> <li>• Delivery of sustainable community facilities</li> <li>• Healthy, safe and secure communities</li> <li>• Safe citizens</li> <li>• Promoting sports and recreation programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that appropriate human resource investments and programmes are in place to reduce and eliminate constraints for growth.</li> <li>• Integrated community facilities (multipurpose centres)</li> <li>• Improve access to primary health care and social development to vulnerable groups</li> <li>• Reduce poverty and provide food security</li> <li>• Promoting public safety</li> <li>• Safe from fire and emergencies</li> <li>• Increase participation in sport and recreation</li> </ul>
To build strong sustainable governance and institutional structures and arrangements;	<ul style="list-style-type: none"> <li>• Developing and improving management business processes and systems</li> <li>• Improve level of public confidence in the municipality</li> <li>• Provide interface and improve public confidence on</li> </ul>	<ul style="list-style-type: none"> <li>• Align organizational structure to support service delivery</li> <li>• Raise the skills level of employees and public office bearers</li> <li>• Improve performance and monitor results</li> <li>• Create IT systems to improve performance</li> </ul>

Strategic Focus Area	Council and Councillors	Corporate Goal	Directorate Objective
			<ul style="list-style-type: none"> <li>• Improve Knowledge Management</li> <li>• Clean and Accountable organization</li> <li>• Improve public participation, consultation and communication</li> <li>• Improve working relation with traditional leaders</li> <li>• Council effectiveness</li> <li>• Internal Audit: To ensure high level of compliance with laws and regulations and that risk management, control and governance processes within the Municipality are adequate and effective.</li> </ul>
To ensure sound and legally financial management and viability;	<ul style="list-style-type: none"> <li>• Achieve good financial governance</li> </ul>		<ul style="list-style-type: none"> <li>• Improve financial management</li> <li>• Improve revenue management</li> <li>• Ensure value for money</li> <li>• Effective and efficient management of the valuation roll</li> <li>• Effective and efficient supply chain management</li> </ul>
To redefine strategic macro leadership and coordination structures involving the Local, District, Provincial and National Government.	<ul style="list-style-type: none"> <li>• Strategic Macro Leadership Development</li> </ul>		<ul style="list-style-type: none"> <li>• Strengthen Decision Making Structures in the municipality</li> <li>• Improve Intergovernmental Relations</li> <li>• Strengthened International Relations to improve service delivery and economic growth</li> </ul>

# DEPARTMENT: TECHNICAL SERVICES

## Project Management Unit

### Introduction

The section is responsible for implementation of infrastructure projects initiated by other departments.

The performance of Project Management Unit for the year is summarised as follows:

Department/Unit	Number of achieved targets	Number of targets not achieved	Total number of targets
PMU	14	19	33
Total	14	19	33
Percentage	42%	58%	100%

### Achievements

- Project Management Unit
  - 2,320 VIP toilets were built
  - 10.30 km roads were upgraded from gravel to asphalt/pavement
    - TV Nkomeni bus route
    - Construction of Phathwa Access road
    - Sandriver to Nkambeni bus Route
    - Msogwaba Tshuma bus road
    - Tekwane to Entokozweni bus route
  - 4 pedestrian bridges completed
  - The upgrading of White River Waste Water Treatment Works is 100% complete. The upgrade was done to accommodate new developments.

### Challenges

- The non-sitting of bid committees affected progress on about 8 projects within the Project Management Unit.
- Late payment of service providers (contractors & consultants) due to cash flow crisis in the municipality. This resulted to two contractors terminating their contracts with council, thus leading to serious financial implications to the municipality, namely interests fees, extension of time cost, cancellation costs, etc.

Desription	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Central bulk water pipe line	Nelspruit			690,000	597,140.80	Completed in 2010/2011 financial							
Construction of Clau-Clau Bridge	Clau-Clau	35	-	2,485,989	-	The project is 70% complete	None at this stage as the project affected by legal processes						
Construction of Gutshwa Kop Bus route	Gutshwa Kop	21	15,100,000	26,765,504	1,756,762.75	Procurement process	Monthly progress reports	Date of appointment of contractor and site establishment	30 June 2012		Consultant appointed and Project is out on tender	The tender was re-advertised due to not compliance of bidders. (Bidders did not meet the requirements)	Re-advertisement and split the project into phase to reduce CIDB grading requirement. Expected to be complete by mid of fourth quarter.
Construction of Gutshwa Kop Bus route	Kabokweni to Gutshwa	21		9,378,669	3,467,409.62	Gravel Road	Monthly progress reports	% of construction of a 2.1km road from gravel to tar	Re-advertise, and appoint the contractor		Contractor appointed 45% of construction of a 2.1km road from gravel to tar	N/A	N/A
Construction of Mataffin Trust Internal Water	Mataffin	14	17,129,786	20,129,786	2,435,974.42	685 houses are without basic services in Mataffin Trust	Progress Reports and Completion certificates	Date of appointment of a contractor to provide 685 households with water	30 June 2012		Project is on tender evaluation stage, Awaiting for report from	Delay from tender process.	Speed up procurement process and appoint Contractor by August 2012

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
and Sewer Network											consultants		
Construction of Matsulu, Mpahe, Portia and Luphisi Sanitation	Matsulu, Mpahe, Portia and Luphisi	27,28	8,000,000	16,756,251	2,583,399.39	Procurement process	Monthly progress reports	Date of appointment of a contractor to build 1142 VIP toilets	30 June 2012		None	The tender was withdrawn because Matsulu A and B wants water borne sewer	The project will be divided in to two projects: water borne sewer for Matsulu and VIP toilets for Mpakeni, Luphisi and Portia
Construction of Matsulu, Mpahe, Portia and Luphisi Sanitation	Nsikazi North	14,15,16,17	780,000	5,780,000	793,264.63	Tender documentation on stage	Appointment letter	Date of appointment of a contractor to build a pedestrian bridge	30 June 2012		Consultant report received and submitted to BEC	BAC did not sit	BAC to sit and appoint contractor
Construction of Matsulu, Mpahe, Portia and Luphisi Sanitation	Nsikazi North		780,000	3,780,000	278,011.25	Tender documentation on stage	Appointment letter	Date of appointment of a contractor to build a pedestrian bridge	30 June 2012		Consultant report received and submitted to BEC	BAC did not sit	BAC to sit and appoint contractor
Construction of Matsulu, Mpahe, Portia and Luphisi Sanitation	Nsikazi South		780,000	3,780,000	278,011.25	Tender documentation on stage	Appointment letter	Date of appointment of a contractor to build a pedestrian bridge	30 June 2012		Consultant report received and submitted to BEC	BAC did not sit	BAC to sit and appoint contractor
Construction of Matsulu, Mpahe, Portia and Luphisi Sanitation	Nsikazi South	2,4 & 29	474,000	4,474,000	187,329.26	Tender documentation on stage	Appointment letter	Date of appointment of a contractor to build a pedestrian bridge	30 June 2012		Consultant report received and submitted	BAC did not sit	BAC to sit and appoint contractor

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Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Bridges - Ward 2, 4 and 29								bridge					
Construction of Phathwa Phathwa access road	Phathwa	38	10,018,071	8,609,434.89	8,609,434.89	Gravel Road	Completion certificate	Km of road upgraded from gravel to paving	2km		2km road complete	N/A	N/A
Construction of Tekwane to Entoko	Tekwane to Entoko	Entoko	4,147,166	3,195,598.28	3,195,598.28	The project is practically complete.	Completion certificate	Km of road upgraded from gravel to paving	2.7km		2.7km road complete	N/A	N/A
Construction of TV Nkome ni Bus Route Phase 3	TV Nkome ni Bus Route	TV Nkome ni	8,682,529	7,159,544.58	7,159,544.58	The extension is 80% complete	Completion certificate	Km of road upgraded from gravel to paving	2.2km		2.2km road complete	N/A	N/A
Construction of Zola Matsulu	Zola - Matsulu	Matsulu	4,788,557	6,740,327	3,591,162.04	There is a need for Matsulu residents to have access to water	Completion certificate	Number of households with access to water	300		Progress at 80%	Contractor had financial challenges because the municipality did not pay on time; he could not afford to buy material.	SembCorp Silummanzi will purchase the material on their behalf and will be deducted from their progress certificate. The project will be complete by 31

Descripti on	Locatio n	Ward	Origi nal budget	Adjust ment budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performan ce for 2011/2012	If not achieved, state reason for non- achievement	State plans to address non- achievement and timeframes
Extensi on of Nelspr uit water purific ation	Nelspr uit	14,15, 16,17	3,000 ,000	15,228 ,882	15,639,7 85,75	The project is 90% complete.	Completion certificate	% of completion of Nelspruit water purification	100%		98%	The contractor terminated his contract due to late payments by Council	SembCorp Silulumanzi will complete the remaining part of the project
Extensi on of White River Sewer Purific ation Plant	White River	30		997,18 1	753,000. 00	Project Completed during the first quarter							
Hazyvi ew water treatm ent works	Hazyvi ew	1	13,33 9,000	14,847 ,540	2,120,02 2,61	To construct a new water purification plant	Meetings	% of construction of Hazyview water treatment works	75%		Constructi on at 40%	The contractor terminated his contract due to late payments by Council	Another contractor was appointed, they are currently busy on site, and the consultant is monitoring their work very closely.
Hoxan e water treatm ent works	Nsikazi North	1,3,5, 6,7,9	4,000 ,000	4,000, 000	-	Civil works for Module 4&5 is complete	Progress report	% of construction of Module 4,8,5, to supply water to the Nsikazi North	80%		Constructi on at 60%	Electrical Bulk problem with ESKOM. ESKOM said they will only be able to connect electricity next year October which will delay the project by a year	Request political intervention
Kabok weni	Kabok weni	31	22,79 3,000	12,679 ,659	6,669,94 5,13	Out on Tender	Appointment t Letters	Date of appointment	Appointment of Contractors		Two contractor	N/A	N/A

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
waste water treatment works								of a contractor for rehabilitation of existing ponds and a new Clarifier			s were appointed for rehabilitation of existing ponds and a new clarifier		
Kanya mazane Precinct development	Kanya mazane	18,19, 20	6,500,000	6,376,969	4,239,987.85	Project is on track	Completion certificate	Date of completion of sports field, stand canopy, tennis court and paving inside the facility	30 June 2012		Project completed before 30 June 2012	N/A	N/A
Kingston sewerage treatment works	Kamagugu	All Wards	10,000,000	12,429,364	3,166,446.67	To complete the civil, Mechanical and Electrical work in 2012/13 financial year	Progress report	% of construction of Kingston sewerage treatment works	30%		45% of construction of Kingston sewerage treatment works	N/A	N/A
Mataffan Internal Water Sewer	Mataffan	14		56,000	55,905.54	Project completed in 2010/2011 financial year							
Mataffan Reservoir	Mataffan	14		438,492	358,998.19	Project completed in 2010/2011 financial year							
Matsulu to Frank and	Matsulu Emoyeni	26, 27, 28		6,053,068	1,612,879.22	Gravel road	Progress report	% of upgrade completed for converting 1.6km road	80%		45% of construction	The consultant was not performing well due to the	PMU had a meeting with the consultant and they will



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Emoyeni Bus Route								from gravel to tar				resident engineer (RE)	be changing the RE in the second week of July
Nsikazi North household sanitati on VI	Nsikazi North	Various Wards	12,000,000	18,718,008	8,478,384.62	Appointment of Contractors	Happy Letters and Completion Certificates	Number of VIP toilets built	800		820 VIP Units completed	N/A	N/A
Nsikazi South household old sanitati on VI	Nsikazi South	Various Wards	10,000,000	18,652,760	10,544,111.86	2 projects just handed over to contractor in December 2011 (571 units) and 14 March 2012 (524 units) the last will be handed over in March 2012 (524 units)	Happy Letters and Completion Certificates	Number of VIP toilets built	1619		1500 VIP Units completed	Late appointment of service providers	The project will be complete by 30 September 2012.
Phumlani bus route	Phumlani	30	487,308	342,631.58	1.34 km gravel road and railway crossing. The Consultant is appointed and is busy with the designs	Progress report	Date of advertising tender for upgrading the 1.34km road from gravel to tar with a level crossing with the railway line	Available budget is R 1,400,000 and to ensure that 80% of the fund are spent.			Approval of designs	Delay in approval of technical reports	Fast track the tendering process
Public Transport Management	All Wards	All Wards	45,000,000	45,000,000	29,332,992.92	Deliver Basic Networks and PT	Attendance register	Date of stakeholder participation between the	30 June 2012		Stakeholder participation	N/A	N/A

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ement functions						Contracted System		Province and the Municipality to discuss Integrated Rapid Public Transport Network (IRPTN) planning and the institutional arrangements			between the Province and the Municipality to discuss Integrated Rapid Public Transport Network (IRPTN) planning and the institutional arrangements took place before 30 June 2012		
Sandri ver to Nkambeni Bus route	Sandri ver, Nkambeni	25	2,000,000	9,638,764	7,896,221.55	The project is practically complete	Completion Certificate	Km of road upgraded from gravel to paved road.	2.7km		2.7km road complete	N/A	N/A
Tekwane North bus route Phase 1a	Tekwane North	18,19,20	9,014,993	16,521,973	10,315,185.59	85% complete	Completion Certificate	Km of road upgraded from gravel to tar	3.5km		99% complete	The contractor has not completed the snag list	The consultant will monitor and push for the contractor to complete the project by 31 July 2012. More local labour to be employed to finish.
Upgrad	Elands	12		1,912,		Project completed during the first quarter. Waiting for SANRAL approval report to Council to join the road to N4.							

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Upgrading of Elands hoek Bus Route	hoek			751	1,729,13 9.05								
Upgrading of KaNyamazane Street and Bus route	KaNyamazane	18,19, 20	15,834,082	15,834,082	2,113,893.80	Gravel road	Appointment letter	Date of appointment of a contractor to upgrade the 12.3km road from gravel to tar/pavement	Appointment of consultants, approval of designs, and tender processes		Consultants were appointed, designs approved, project currently on evaluation for the appointment of a contractor	N/A	N/A
Upgrading of Matsulu Street and Bus Routes	Matsulu	26, 27, 28	15,000,000	13,000,000	2,703,045.89	Gravel road	Progress report	% of construction of 17.5km road from gravel to tar/paving	30% construction		35% construction	N/A	N/A
Upgrading of Matsulu to Hambavangeli Bus Route	Matsulu	26, 27, 28	3,413,493	1,966,360.64	98 percent complete	Completion certificates	Km of road upgraded from gravel to tar	0,7km			Construction at 98%	The consultant delayed issuing a snag list	Currently busy with a snag list, project to be complete before end of July 2010
Upgrading of Matsulu to Masho	Matsulu	27	1,552,635	1,288,133.88	The project is 90% complete	Completion certificates	Km of road upgraded from gravel to tar	0,7km			Construction at 98%	The consultant delayed issuing a snag list	Currently busy with a snag list, project to be complete before end of

Descripti on	Locatio n	Ward	Origi nal budg et	Adjust ment budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
namini Bus Route													July 2012
Upgrad e of Msogw aba to Tshum a Bus route	Msog waba	26		1,546, 869	1,297,19 2.54	The project is 99% complete. The contractor is attending some snag list.	Completion certificates	Km of road upgraded from gravel to tar	0,7km		0.7km road complete	N/A	N/A
Upgrad e of Zwelis ha to Miluti Bus Route	Zwelis ha	4	1,800 ,000	1,800, 000	1,055,68 6.50	Gravel road	Progress report	% of upgrading of a 5.5Km road from gravel to tar	20%		Contractor appointed project to be handed over on the second week of July	Late submission of evaluation report by the consultant	The 20% target will be met by 31 August 2012
Upgrad ing of Masoyi Stadium	Matsul u, Nyong ane and Khumb ula	1,		1,100, 000	133,612. 00	Procuremen t process	Appointmen t letter	Date of appointment of a contractor for upgrading of Matsulu, Nyongane and Khumbula stadia	30 June 2012		Evaluation stage for the appointment of contractor	The project was re-advertised because the tender validity period expired	The contractor will be appointed by 31 August 2012.
Variou s Foot bridges in Mbom bela 2	KaNya mazan e and Daantji e and Matsul u	20	9,056 ,019	14,661 ,999	11,253,9 08.74	90% complete	Completion certificate	Number of new pedestrian bridges built	4		4 pedestrian bridge built	N/A	N/A
White River bulk water Supply	White River	30		639,88 1	-	To provide catholic protection for the 8.6km Bulk	Appointmen t letter	Date of appointment of a contractor to provide catholic	30 June 2012		Induction done and all Material ordered.	Delay in appointment of Contractor	Fast track construction and complete before 30 September

Descri ption	Locatio n	Ward	Origi nal budg et	Adjust ment budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performan ce for 2011/2012	If not achieved, state reason for non- achievement	State plans to address non- achievement and timeframes
						pipeline, and to build security fence around the three pump stations.		protection for the 8.6Km Bulk pipeline					2012

ality's responsibility to render basic services in an efficient and sustainable manner. This estimated 137 353 households as per the STATS SA Community Survey (2007). This Unit  
[REDACTED] ssance, Planning & Design as well as Technical Support. These sections are responsible for

l he overall management and administration of Electrical Engineering

ion networks

villages) through contracted services

Descripti on	Location	Ward	Original budget	Adjust ment budget	Actual budget spent	Baseline (current status of the project)	Means of verificati on	Key performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non- achievement	State plans to address non- achievement and timeframes
(bulk upgrade)													2012/13
Procure ment of Transport Truck	Nelsprui t	14, 15, 16, 17	-	750,000	-	There is a need for a new truck to ferry personne l	Purchas e order issued	Date of ordering a truck to ferry personnel	30 June 2012		None	Adjudication committee recommended that vehicle be sourced from commercial dealers	Included in the 2012/13 and will be achieved in the 2 <sup>nd</sup> quarter
Riversid e ring strengthen ing project	Nelsprui t	14		258,908	0				Project completed in 2 <sup>nd</sup> quarter		Project completed	N/A	N/A
Rural overhea d lines upgrade	White River	30	500,0 00	61,403	261,44 3	Cable on order	Delivery note	Length of cable delivered	300m		300m cable delivered	N/A	N/A
Sonheu wel substati on deload project	Nelsprui t	15,16, 17	500,0 00	0	115,88 9	2 panels, 2 circuit breakers, 1,5km of cable ordered	Comple tion certificat es	Date of installation of 2 panels, 2 circuit breakers, 1,5km of cable	30 June 2012		2XPanels, 2X circuit breakers, 1.5km cable installed	N/A	N/A
Substati on CCTV & Cable Theft Detectio n	Nelspruit , White River, Hazyvie w	14,15, 16,17, 30	600,0 00	- 450,000	0	No CCTV, fire protectio n & cable theft detection	Appoint ment letter and design approval	Date of appointment of a consultant and completion of designs	30 June 2012		Tender advertised	Tender handed over to EDM and non-responsive bids received	Re- advertise in 1 <sup>st</sup> quarter 2012/13
Substati ons mainten ance and refurbis h	Nelspruit , White River, Hazyvie w	14,15, 16,17, 30	2,000 ,000	- 1,000,0 00	0	Unknow n backlog	Signed and dated assessm ent report	Date of completion condition assessment for electrical infrastructure	30 June 2012		Tender for appointment of assessment contractor closed.	Closed bidding not approved; had to retender openly	Expedite contractor appointment by 1 <sup>st</sup> quarter 2012/13

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Town Central-WRCE Network upgrade	White River	30	1,100,000	- 135,087	784,328	Frequent outages induced by adverse weather conditions	Delivery note	Length of cable delivered	900m		900m cable delivered	N/A	N/A
Town North-Kingsville EXT3 Network upgrade	White River	30	700,000	85,964	524,102	Frequent outages induced by adverse weather conditions	Delivery note	Length of cable delivered	900m		900m cable delivered	N/A	N/A

Description	Approved Budget	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Development of Electrification Masterplans	750,000	700,000	213,525.00	Consultant appointed	Dated draft document	% completion of draft Electrification Masterplan	100%		100%	N/A	N/A
Development of Electrical Infrastructure Masterplan	750,000	700,000	-	Consultant appointed	Progress report	% completion of draft Electrical Infrastructure Masterplan	90%		100%	N/A	N/A
Development of Electrical	1,000,000	700,000	259,778.06	Consultant appointed	Specifications document	Date of completing	30 March 2012		Specification completed. Tender to	N/A	N/A



Description	Approved Budget	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Maintenance and Refurbishment Masterplan						specifications for appointment of assessment contractor (for project: Substations maintenance and refurbish)			appoint condition assessment contractor closed.		

## Civil Engineering

**Introduction:** Roads, Stormwater and Railway Siding Planning and maintenance

Section	No of targets achieved	No of targets not achieved	Total number of targets
Civil Engineering	31	2	33
Percentage	93,9	6,1	100%

### Achievements

- 1) More than 93% of projects implemented
- 2) 51Km's of roads re-sealed (34km planned)
- 3) 80 Speed humps installed
- 4) 52 Business Plans completed and submitted to PMU for MIG funding
- 5) Bulk Water Strategy completed

### Challenges

- 1) Service Providers not paid – affect KPI's
- 2) Poor work done by contractor on White River Outfall Sewer
- 3) Planning and design of New WWTW in Hazyview delayed by problem to obtain land.
- 4) Lack of resources to implement projects
- 5) 95% of time spent on Township Developments and maintenance of assets with limited the time for new projects

### Conclusion

With limited resources available most of the targets were achieved

Descripti on	Location	Ward	Original budget	Adjustment budget	Actual budget spent	Baseline (current status of the project)	Means of verificati on	Key performance indicator	Annual target for 2011/2 012	Was the set target achieved	Actual Performa nce for 2011/201 2	If not achieved, state reason for non- achievem ent	State plans to address non- achievem ent and timefram es
Constructi on of KaNyama zane Stormwat	Kanyamazane	18,19,20	734,240	182,180	62,290 paid 21,460 outstanding	Limited storm water in Nsikazi. Impleme	Paid invoice and certificati on by	% completion of business plan for projects 37, 38, and 39 of	100% complet ion of business s plan		Business Plan submitte d to PMU	N/A	None

Descripti on	Location	Ward	Original budget	Adjustment budget	Actual budget spent	Baseline (current status of the project)	Means of verificati on	Key performance indicator	Annual target for 2011/2 012	Was the set target achieved	Actual Performa nce for 2011/201 2	If not achieved, state reason for non- achievem ent	State plans to address non- achievem ent and timefram es
er System						nt masterpla n to the amount of R250 million	consultan t. Business Plan submitte d to PMU	master plan.	and submit to MIG (throug h PMU) for MIG funding approva l.				
Constructi on of Tekwane North Stormwat er System	Tekwane North	26	1,000,000	305,000	265,985	RDP houses built without roads and stormwat er. Gravel roads and houses are eroded.	Paid invoice and certificati on by consultan t. Business Plan submitte d to PMU	% completion business plan and submit to PMU for further submission to MIG	100% complet ion of business plan and submit to MIG (throug h PMU) for MIG funding approva l.		Business Plan submitte d to PMU	N/A	None
Extension of White River Sewer Networks Phase 2	White River	30	2,500,000	1,315,590	266,411 Paid 149,226 outstanding	Insufficie nt bulk for growth as per master plan	Paid invoice and certificati on by consultan t	% completion of phase 2 of master plan. (Planning, designs and tenders only in 2011/12- implementati on in next financial year.	100% complet ion of designs and tenders		Designs and tender available ROD due Dec 2012	N/A	None
Implemen	Mbombela	All	500,000	500,000	496,944	249	Certificati	Number of	50		80	N/A	None

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t traffic calming measures						Requests received for traffic calming measures	on by Senior Engineeri ng Technicia n	measures installed	traffic calming measur es install ed		Installed		
Nelspruit CBD Traffic lights Optimisat ion	Nelspruit CBD	14,16,17	500,000	500,000	190,560	Optimiza tion of Nelspruit CBD traffic lights	Operatio nal system	% of implementati on of a traffic Micro simulation model (MSM) system	100%		Implemented by Traffic		
Planning and Design of Hazyview Water Treatmen t Works and Outfall Sewers.	Hazyview	1	4,000,000	4,000,000	586,190	Relocate existing STW, new outfall sewer lines and STW according to Master plan. No waterbor ne sanitation in residential areas result in pollution	Paid invoice and certificati on by consultan t	% of completion of preliminary designs	100% (Compl ete prelimi nary design, negotia te for land servitud e and submit 1 <sup>st</sup> EIA report for inputs)		Prelimina ry designs done. EIA in process	Problems to obtain land. Owner wants more money	Ask assistance from Departme nt of Land Affairs
Purchase of Graders	2xHazyview, 2x Kabokweni, 2x Kanyamazane and 1x	All Wards	R 0,00	12,355,000	12,355,000	Lack of maintena nce plant. Also need	Paid invoice	Number of graders purchased and delivered	7 graders and appoint		Graders delivered in December	N/A	None

Description	Location	Ward	Original budget	Adjustment budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
	Matsulu					other plant for re-graveling.		and operators appointed	ment of 7 Operators		For 2011. Corporate Services must appoint Operators		
Re-inforcement and Extension of Hazyview Water Infrastructure (Phase 1)	Hazyview	1	2,500,000	500,000	0	Completed designs and tenders	Paid invoice and certification by consultant	% of completion of designs and tenders specifications	100%		Tenders received	N/A	None
Replace collapsed stormwater pipes in West Acres	West Acres	15	500,000	350,000	305,263	Replace old and rusted stormwater structures	Paid invoice and certification by consultant	% of completion of evaluation and costing of all storm water structures in West Acres 7 & 8	100%		Report received	N/A	None
Replace small plants and equipments	Mbombela	All	300,000	300,000	270,688 Paid 24,758 outstanding	Plant old and dangerous	Delivery note and paid invoice	% of equipment delivered of plant	100%		All Plant received	N/A	None
Resealing of tarred roads -	Hazyview	1	1,000,000	1,813,222	1,813,165	20 km to be re-sealed	Paid invoice and	Kilometres of road re-sealed	Re-seal 4km		4,41km	N/A	None

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Hazyview						every 7 years. Backlog in supply in Bitumen. Contracto r not able to provide new program	certificati on by Senior Engineeri ng Technicia n						
Resealing of tarred roads - Matsulu	Matsulu	13,24,28	1,000,000	1,000,000	999,917	20 km to be re- sealed every 7 years. Backlog in supply in Bitumen. Contracto r not able to provide new program	Paid invoice and certificati on by Senior Engineeri ng Technicia n	Kilometres of road re- sealed	Re-seal 4km		2,11km	Delay in delivery of stone by Lafarge	More funds spent in other areas
Resealing of tarred roads - Nelspruit	Nelspruit	14.15,16, 17,38	2,000,000	3,500,000	3,499,993	210 km to be re- sealed every 7 years	Paid invoice and certificati on by Senior Engineeri ng Technicia n	Kilometres of road re- sealed	Re-seal 8km		20,53km	N/A	None

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Resealing of tarred roads - Nsikazi North	Nsikazi North	18,19,20, 21,22,23, 26,29	1,500,000	2,301,754	2,301,739	50 km to be re- sealed every 7 years. Backlog in supply in Bitumen. Contracto r not able to provide new program	Paid invoice and certificati on by Senior Engineeri ng Technicia n	Kilometres of read re- sealed	Re-seal 6 km		6,09 km	N/A	None
Resealing of tarred roads - Nsikazi South	Nsikazi South	2,4,10,11, 31,32,33, 35,36	1,500,000	2,119,006	2,118,231	54 km to be re- sealed every 7 years. Backlog in supply in Bitumen. Contracto r not able to provide new program	Paid invoice and certificati on by Senior Engineeri ng Technicia n	Kilometres of read re- sealed	Re-seal 6 km		7,13km	N/A	None
Resealing of tarred roads - White River	White River	30,38	1,500,000	2,045,175	2,044,476	50 km to be re- sealed every 7 years	Paid invoice and certificati on by Senior Engineeri	Kilometres of read re- sealed	Re-seal 6 km		11,12km	N/A	None

Descripti on	Location	Ward	Original budget	Adjustment budget	Actual budget spent	Baseline (current status of the project)	Means of verificati on	Key performance Indicator	Annual target for 2011/2 012	Was the set target achieved	Actual Performa nce for 2011/201 2	If not achieved, state reason for non- achievem ent	State plans to address non- achievem ent and timefram es
							ng Technicia n						
Upgrade of Clau- Clau Low Stormwat er Level Bridge	Clau Clau	35	1,000,000	274,000	221,080 Paid 49,695 outstanding	Limited storm water in Nsikazi. Impleme nt master plan to the amount of R250 million. Business Plan complete d. Construct ion to be done by PMU in future	Paid invoice and certificati on by consultan t. Business Plans submitte d to PMU	% completion of project 35 of master plan	100%		Business Plan submitte d to PMU	N/A	None
Upgrade of Hazyview Water Infrastruc ture. (Phase 1)	Hazyview	1	760,323 (Roll-over)	760,323	540,162 Paid 220,161 outstanding	Construct ion very late. Complete d in Feb 2012	Paid invoice and certificati on by consultan t.	% completion of Phase 1	100% complet e		Work 100% done and handed over to PMU	N/A	None
Upgrade of Hazyview Water Network	Hazyview	1	1,500,000	1,500,000	90,113	Complete d designs and tenders provided	Advert on the news papers	Date appointment of a contractor	30 June 2012		Tenders provided to PMU	N/A	None



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(Phase 2)						to PMU for construction							
Upgrade of Hazyview Water Infrastructure. (Phase 1)	Hazyview	1	543,547 (Roll-over)	543,547	314,436 Paid 74,839 outstanding	Construction very late Completed in Feb 2012	Paid invoice and certification by consultant.	% completion of Phase 1	100 % Completion		Work 100% completed	N/A	None
Upgrade of Legogote Roads and Stormwater System	Legogote	8	500,000	1,650,000 For design tenders and construction	0 10,440	Limited storm water in Nsikazi. Implement master plan to the amount of R290 million	Advert on the news papers	% completion of design and tender documents for projects 103 and 104 of master plan for handing over to PMU for construction	100%		Tenders handed to PMU	N/A	None
Upgrade of Roads and Stormwater Nyongane and Shabalala	Nyongane and Shabalala	1	500,000	200,000	144,364 Paid 30,099 outstanding	Limited storm water in Nsikazi. Implement master plan to the amount of R290 million	Paid invoice and certification by consultant. Business Plans submitted to PMU	% completion of projects 55, 154, 155, 156, 197, 198 of master plan. Business Plan completed and handed to PMU for MIG funding Construction	Business plan completed and submitted to MIG for approval and funding		Business plan submitted to PMU	N/A	None

Description	Location	Ward	Original budget	Adjustment budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance Indicator	Annual target for 2011/2012	Was the target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
								to be done by PMU in future.					
Upgrade of White River Sewerage Infrastructure. (Phase 1)	White River	30%	3,000,000	3,652,810	1,300,875 Paid 344,513 outstanding	Insufficient Bulk for growth as per Master Plan. Project ± 13 months over contract period. Get sub-contractors to complete work.	Paid invoice and certification by consultant.	% completion of construction	Complete 1.5km remedial work on the outfall sewer (50%)		80% of remedial work completed	N/A	None

Description	Approved Budget	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Asset Management	1,511,176	1,511,17	1,263,161	No Asset	Completed	% of	100%		Amp available	N/A	None

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Plans - Streets and Stormwater		6	Paid 248,015 outstanding	Management Plans for Streets and stormwater. Asset Registers for streets and stormwater completed April 2011.	Phase 1 – Document and paid invoice. Certification by consultants	completion of Phase 1 of Asset Management Plans			100%		
Basic Planning and Costing of 204 Pedestrian Bridges	1,000,000	745,000	741,157	Lack of access across streams and dongas. 202 Requests from wards. Number reduced 104 by new councillors	Approved Business Plans and paid invoice. Certification by consultants.	% of completion of business plans	100% Complete business plan and submit to PMU for further submission to MIG)		30 Business Plans available 100% complete	N/A	None
Business Plan for Nsikazi Stormwater Master plan	900,000	475,000	17,543 Funds taken by CFO	No Business Plans or funds available to implement Nsikazi Stormwater Master Plan (± R250 m) 10 Year Implementation Plan	Approved Business Plans and paid invoice. Certification by consultants	% of completion of business plans for Master Plans for 3 years	100%		12 Business Plans available 100%	N/A	None
Secondment of Engineers	2,000,000	400,000	350,000 Payment outstanding & Funds taken by CFO	Lack of competent technical personnel to implement projects to do basic planning and compile	1 Professional for 3month / time sheets / work certified by Manager	Number of Engineers / Technicians seconded for 1 year	2 Engineers / Technicians seconded from consultants for 1 year		100% 3 Engineers and Technicians busy on Roads Plan from April 2012. All work done by	N/A	None

Description	Approved Budget	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
				Business Plans. Current personnel concentrate on Private Developments. One Technologist sourced to start in April 2012					30.09.2012 all funds spent		
Review of Integrated Transportation Plan (Phase 1)	1,000,000	1,000,000	0	2006 ITP Review every 5 years. Funds only suffice Phase 1. PMU to implement next phases	Approved ITP (Phase 1) and paid invoices – Certification by consultants	Date of approval of Updated 2012 ITP (Phase 1)	30 June 2012		80% complete	Outstanding information that was needed from PTIS service providers was required. The System - for finalisation of the Plan.	Stakeholder workshop/meeting was coordinated to finalise all information that was required. The Plan will be finalised in the 2 <sup>nd</sup> quarter.
Development of Bulk Water Supply Strategy	500,000	350,000	350,000 outstanding funds taken by CFO	Consultant appointed for Long Term Bulk Water Strategy. Study submitted. Wait for Task Team Meeting to finalize	Approved Strategy and paid invoices – Certification by consultants	Date of approval of Long Term Bulk Water Strategy	30 June 2012		B WS available. Arrange another workshop for Councillors 19 July 2012. Process delayed by postponement of Task Team members	N/A	None
Development of Business Plan for Spioenkop Road	50,000	42,500	30,613	Gravel Bus Road	Approved Business Plan – Certification by Consultants	% of completion of Business plan	100% Business plan completed and submit to PMU for		100% Business Plan submitted to PMU	N/A	None

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Description	Approved Budget	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
							further submission to MIG				
Business Plan for Daantjie Grave Yard Road	50,000	42,500	30,450	Gravel Access Road	Approved Business Plan – Certification by Consultants	% of completion of Business plan	100% Business plan completed and submit to PMU for further submission to MIG		100% Business Plan submitted to PMU	N/A	None
Business Plan for Makoko/Numbi Gate Road	50,000	42,500	30,450	Gravel Bus Road (Provincial)	Approved Business Plan – Certification by Consultants	% of completion of Business plan	100% Business plan completed and submit to PMU for further submission to MIG		100% Business Plan submitted to PMU	N/A	None
Business Plans for Mafambisa/Spelanyan e Road	50,000	42,500	30,450	Gravel Bus Road (Provincial)	Approved Business Plan – Certification by Consultants	% of completion of Business plan	100% Business plan completed and submit to PMU for further submission to MIG		100% Business Plan submitted to PMU	N/A	None
Business Plan For Phola Road	0,00	10,000	10,000	Gravel access road and two bridges. Identified in Jan 2012 storms.	Approved Business Plan – Certification by Consultants	% of completion of Business plan	100% Business plan completed and submit to PMU for further		100% Business Plan submitted to PMU	N/A	None

Description	Approved Budget	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Nsikazi Stormwater Structures	0,00	20,000	17,543	Culverts damaged in floods in January 2012	Approved Business Plan – Certification by Consultants	% of completion of Business plan	100% Business plan completed and submit to PMU for further submission to MIG		100% Business Plan submitted to PMU	N/A	None

## ***Water and Sanitation***

### **Introduction**

The unit is responsible for the operation and maintenance of the existing infrastructure for the basic services to the community. In 2012 planning was also added to the unit as part of the responsibilities.

### **Achievements**

80% of the projects are on implementation stage.

### **Challenges**

The challenges in the unit are as follows:-

- Shortage of human resource capacity
- Lack of plant and equipment
- Lack of base line information
- Lack of water loss management programmes
- Lack of capacity on WTWs and the water resource
- Illegal connections to the system
- Uncontrolled new developments in Traditional Authority areas
- Lack of as built drawings/plans/layouts
- No law enforcement
- Lack Safety of assets
- Lack of integrated planning
- Non-performance of implementing agents

### **Conclusion**

Critical positions to be filled so to improve performance in the unit. Fast-tracking of procurement process will also improve the performance in the unit.

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Backdoor/ Mbonisweni water augmentation	Backdoor	32	2,000,000	1,500,000	0	Water supply in Backdoor is not consistent	Preliminary designs submitted, Basic EIA scoping report submitted	Date of appointment of a consultant and completion of draft designs	30 June 2012		Consultant was appointed, busy with preliminary designs. Renegotiations with Chief Mbuyane for the boreholes in his farm.	Project re-advertised due to lapsed validity.	Project was handed over to EDM for implementation.
Construction of Nyongane treatment works	Nyongane	Nsika North	1,000,000	1,000,000	0	Current pump station only uses chlorination and no treatment	Construction of Nyongane treatment works	Date of appointment of a consultant and completion of draft designs	30 June 2012		Project no more with Mbombela. It has been cancelled. DWA requested EDM to implement this project on their behalf. R1m funding to be reprioritised.		
Construction: Package plant, bulk line in Jerusalem	Jerusalem	8	2,500,000	2,000,000	-	Inconsistent water supply in the Nsikazi North water scheme	Construction: Package plant, bulk line in Jerusalem	Date of completion of preliminary designs	30 June 2012		30 June 2012	N/A	N/A
Construction: plant Majika	Majika		3,000,000	3,350,460	397,907.93	Inconsistent water supply in the Nsikazi North water scheme	Close out report	% of completion of a New water treatment works (Phase 1)	100%		Phase 1: 60% material has been ordered and awaiting delivery. 100% fencing and site clearance	Land issues not resolved and prolonged the implementation.	Fast tracking of the installation after the delivery.
Construction: package plant Manzini	Manzini		3,000,000	3,314,701	1,293,835.85	Inconsistent water supply in the Nsikazi North water scheme	Close out report (Phase 1)	% of completion of a New water treatment works (Phase 1)	100%		Phase 1: 90% complete, Final technical report submitted and design are 90% complete for the bulk pipeline	The rising main is not complete as it was not included in the initial scope of	The project will be complete in April 2013.



Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Construction : package plant Mshadza	Mshadza	6	150,000	2,500,000	-	Inconsistent water supply in the Nsikazi North water scheme	Preliminary designs	Date of appointment of a consultant and completion of draft designs	30 June 2012		The service provider was appointed. The draft designs are not complete	The scope of work was not correctly quantified	A variation order will be issued and EDM will negotiate with the contractor
Dwaleni package plant, refurbishment of the line to OMO	Dwaleni	32	1,500,000	500,000	-	Inconsistent water supply in the Nsikazi South water scheme	50% implementation	Date of appointment of a consultant and completion of draft designs	30 June 2012		Consultant was appointed. Technical report submitted. Draft designs are 70% complete.	There was mistake on the appointment letter, thus it delayed the start of the project	The draft designs will be complete by 31 August 2012.
Fencing of Reservoir and pump station	Mbombelela	Institutional	1,000,000	500,000	-	Most of reservoir and pump station don't have proper fencing	Implementation on 100% for the 3 sites	Date of appointment of service provider to fence assets	30 June 2012		Scope finalised and submitted to specification committee	There was confusion as to whether the project is being implemented by EDM	Project to be implemented in 2012/13 financial year
Increase capacity of Kanyamazane Water Treatment Works (feasibility study)	Kanyamazane	Nsikazi South	5000	500,000	-	Plant overloaded, demand exceed supply	Submission of final feasibility study report, 80% complete	% of completion of feasibility study	50%		Feasibility study at 80%	N/A	N/A
Installation of new Manifold Nyongane pump station	Nyongane	Nsikazi North	0	2,000,000	-	Manifold at Nyongane pump station is old and leaking badly	50% implementation	% of implementation of project	50% implementation		51% implementation	N/A	N/A
Installation	Kanya	Nsikazi	1,00	1,000	0	There is no	Appointment	Date of	30 June		Evaluation report	Information	Information has

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
of Diesel Generators Kanyamaza	mazane and RWPS	zi South	0,000	,000		alternative power supply	ent of service provider	completion of audit for areas that need diesel generators	2012		submitted to bid committees.	gathering and lack of personnel at Electrical Engineering Unit	been gathered and the evaluation report presented to evaluation committee on the 05 <sup>th</sup> July 2012
Link old Mshadza plant to Phola Reservoir	Phola	5	800,000	500,000	20,012.71	The current plant is designed to take water to Mshadza, but does not reach Mshadza Reservoir.	Preliminary designs	Date of appointment of consultants and finalisation of preliminary designs for the pipeline linking Mshadza to Phola Reservoir	30 June 2012		30 June 2012	N/A	N/A
Procure: vehicles water and sanitation	Mbomba	Institutional	600,000	1,000,000	0	Fleet for water and sanitation is very old	Administration and hand over by fleet section to Water and Sanitation	Number of vehicle purchased	Vehicles procured		Bid called off by the adjudication committee to reconsider the sourcing of quotations from the dealership. No appointment done	Bid called off by the adjudication committee to reconsider the sourcing of quotations from the dealership.	Fleet management will source quotations and procure vehicles by 30 September 2012.
Procurement of water SCADA System	Mbomba	All wards	1,200,000	400,000	-	The current telemetry system is not functional and need to be fixed and upgraded	50% progress on site	% of installation of SCADA system	50%		Finalising specifications	This was identified as phase 2 and it is linked to phase 1. Phase 1 is on tender stage	Specification to be finalised before end of September 2012
Purchase	Kanya	Nsika	-	1,045	1,04	Pumps need	Purchase	Number of new	6		6 pumps installed	N/A	N/A

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
6XKSB Pump Kanyamazane Waste Treatment Works	mazane	zi South		300	5,238.22	to be replaced	6XKSB Pump Kanyamazane Waste Treatment Works	KSB pumps installed			and operational		
Refurbish : Elandshoek Water Networks	Elandshoek	12	700,000	300,000	0	The infrastructure is aged and need to be refurbished	Detailed designs submitted	Date of appointment of a consultant for refurbishment of Elandshoek water network	30 June 2012		Specification finalised and submitted to SCM for short listing and finalisation	SCM delays	Document submitted to SCM for short listing. Advertisement to be done before end July 2012
Procurement of 8 Nyongane/Sabie Water pumps	Nsikazi North			3,000,000	40,157.62	Current Pumps need to be replaced	8 pumps Procured awaiting delivery	Number of pumps ordered for Nyongane/Sabie Water pumps	8		8 (Bushbuckridge Water Awaiting delivery which was indicated to be end of September 2012)	N/A	N/A
Telemetry System - Nsikazi	Nsikazi North and South	All wards	0	600,000	0	The current telemetry need to be upgraded	50% progress	% of completion of Telemetry System in Nsikazi	50%		Busy finalising specification	Supply chain manager from BW was on sick leave which delayed the advert	Specification submitted on the 03 <sup>rd</sup> July 2012.
Mobile Tanker Trailer and Tractor	Nsikazi North and South	All wards	0	800,000	0	There is no dedicated tanker for funerals	Service provider appointed	Number of mobile tankers delivered	1		Finalising specification	Shortage of personnel as the project was handed over to fleet management	Finalise specification before end August 2012
Installation of 20 Boreholes	Nsikazi North and	All wards	0	3,000,000	0	There is insufficient water supply	50% progress on site	% of installation of 20 boreholes	50%		20% implementation on siting	Implemented by BW. Delays in	Service provider appointed. Siting done for

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
	South					from the water schemes						procurement from the implementing agent	10 boreholes. Remaining sitting of boreholes to be done before end September 2012
Installation of 60 Jojo Tankers	Nsikazi North and South	All wards	0	1,000,000	0	There is insufficient water supply from the water schemes	Installation of 60 Jomo Tankers	% of installation of 60 juju tanks	50%		None	Delays in the implementation of the boreholes	Awaiting borehole installations
Mganduzweni Water Package Plant/Reservoir Link	Mganduzweni	9	0	500,000	168,900.00	There is no consistent supply of water to Mganduzweni	Detailed designs submitted	Date of submission of assessment report from the consultant	30 June 2012		30 June 2012 (Final Technical report submitted and approve	N/A	N/A
Water Conservation and Demand Management	Mbombelela	Institutional	3,500,000	500,000	-	There is no conservation and demand management implementation	Water Conservation and Demand Management	Date of submission of assessment report from the consultant	30 June 2012		Tender advertised closing on the 13 July 2012	Finalising scope of works	Service provider will be appointed by 31 August 2012

Description	Approved Budget	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Review Of Water and Sanitation By-Laws	160,000	160,000	-	Water and Sanitation By-laws are	Council resolution	Date of tabling the water and sanitation by law to	30 June 2012		Consolidation of internal comments.	The workshops delayed the finalisation of	The draft water and sanitation by

Description	Approved Budget	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
				outdated		Council				the by-laws	law will be tabled to Council by 31 August 2012.
Development of Water and Sanitation Maintenance and Refurbishment Plans	500,000	400,000	-	No maintenance plans in place	Progress report	Date of completion of infrastructure asset Audit	Appointment of service provider		Service provider appointed.	N/A	N/A

## Concession Monitoring

### Introduction

These are projects that are implemented by SembCorp Silulumanzi on behalf of Council as a Concessionaire. All the Service Contribution projects are implemented around Greater Nelspruit area. The funding is from the developer's money that was paid to Council for any future developments to either extend the services or improve the current systems.

There are six Service Contribution projects initially approved to be included in the Service Delivery and Business Implementation Plan (SDBIP). Two projects (SC806 and SC910) are complete, one (SC901) on progress and on target and two (SC710 and SC911) postponed to the 2012/2013 financial years.

### Achievements

Two projects completed on time and within budget. SC 806 Sewer pump station Riverside X21 and SC910 Sewer Extensions to existing networks.

### Challenges

A SC707 Sewer Main Outfall upgrade is behind scheduled program. Difficulties experienced on terrain – no machinery could get to site. All excavations must be done by hand. There was late delivery of steel pipes due to flood in factory around January 2012. The contractor will submit the request for the extension of time and the submission of the optimistic date of completion of the project. Getting EIA approval is a challenge in terms of estimating realistic timeframes.

### Conclusion

All these Service Contribution projects have been visited for monitoring and site meetings conducted to ensure the quality of work are done to meet the customer needs.

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
SC 707 - Sewer	Nelspruit	15	2,500,000.00	2,500,000.00	1,741,000.00	Lack of Bulk Sewer	Closure	% Completion of the 3rd	100% completion of sewer network		Project is 55% Complete	Difficult terrain – no machinery can	Contractor is working longer

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Main Outfall Upgrades					523.12	Capacity in Sonheuwel	out report	phase of the Sonheuwel outfall line	upgrade requirements			get to site – all must be done by hand – late delivery of steel pipes due to flood in factory.	hours and over weekends to make up time for delay. Extension of time to be requested by contractor.
Project postponed to next financial year to complete urgent sewer upgrade													
SC 710 - Corridor Collect	Nelspruit	14; 17	500,00	500,00 (Adjusted to R0)	-	Lack of Bulk Sewer Supply for White River Corridor							
SC 806 - Sewer pump station Riverside X21	Nelspruit	14; 17	600,00	600,00	465,34 3.87	Lack of Bulk Sewer Capacity in Nelspruit Central zone	Closure report	% of completion of the upgrade of the sewer pump station	100% Completion		Project is 100% Complete	N/A	N/A
SC 901 - Sewer main Outfall Ferreira	Nelspruit	16	1,200,00	1,200,00 (Adjusted to 200 000)	-	Lack of Bulk Sewer Capacity in Nelspruit Central zone	Closure report	Date of completion of EIA report for Upgrade of 1.6km Nelspruit Central Zone Main Outfall Sewer project	30 June 2012		Multiyear project – Consultants appointed; EIA consultants appointed and continuing with EIA process	The project is multi-year, thus the indicated target was for the whole project	The EIA will be completed by 30 June 2013
SC 910 - Sewer : Extensions to Existing Networks	Nelspruit	14; 15; 16; 17	250,00	250,00 (Adjusted to 414 000)	-	Lack of Sewer link lines in Nelspruit	Closure report	% completion of Upgrade of 0.6km Main Outfall Sewers in order to meet Township Establishment Demands	100% completion of sewer network upgrade requirements		Project is 100% Complete	N/A	N/A
SC911 Sewer:	Nelspruit	16	150,00	150,00	-	Lack of Bulk Sewer							
Requested to move project budget to SC 707 to complete urgent sewer upgrade													

Descripti on	Locatio n	W ard	Origina l budget	Adjust ment budget	Act ual bud get spe nt	Baseline (current status of the project)	Mea ns of verif icati on	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non- achievement and timeframes
Bethele r (Eaglesvi ew)				(Adjust ed to 0)		Capacity in Nelspruit Central zone							
MIG: KARINO - Upgradin g of Bulk Water for Tkwane North and Dwaleni	Karino- Tekwa ne North	26; 38	-	1,000,0 00	388 ,42 1	Lack of Bulk Water and Sewer Supply	Clos e out repo rt	% Completion of EIA, Planning and Design stage.	100 % Completion of EIA, Planning and Design stage.		Consultant was appointed. Business plans/preliminary designs submitted. EIA consultant appointed.	Difficulty in finalizing position of pipe - EIA consultants appointed and busy with EIA process	EIA Consultants to get EIA approval in 2012/2013 financial year- Approval for construction still outstanding
MIG: MTS - Water Distributi on - Network Extension s at Matsulu West and Matsulu c	Matsul u	27; 28	-	500,00 0	89, 455 .30	Lack of Internal Water Reticulatio n Network	Clos e out repo rt	% Completion of Planning and Design stage.	100 % Completion Planning and Design stage.		Consultant Appointed, preliminary designs are complete	N/A	N/A
MIG: KNZ Entokozw eni Ext 2 - Water Distributi on	Entoko zweni	19	-	300,00 0	256 ,32 3	Lack of Internal Water Reticulatio n Network	Clos e out repo rt	% Completion of Planning and Design stage.	100 % Completion Planning and Design stage.		Consultant Appointed, Planning and preliminary designs are complete.	N/A	N/A



## DEPARTMENT: COMMUNITY SERVICES

### *Social Development*

#### Introduction

The Sub-department: **Social Development** consists of the following divisions:

- Sport Development
- Arts and Culture Development
- Library and Information Services

The department is responsible for the provision and maintenance of social amenities which include sport facilities, community halls, cultural centres and libraries. Different sport, arts, culture and heritage, and library programmes are conducted annually.

The overall performance of the department in 2011/2012 show that most of the planned activities in as far as the sport, art and culture and library programmes are concerned, have been achieved. However some of the activities were not achieved due to challenges that were encountered. The main highlights for the year include the success in hosting the Mayoral Cup in December 2011, school holiday programme in April 2012, Library week in March 2012, official opening of Tekwane North hall coupled with Heritage Day Celebration in September 2011 and official opening of Mbombela Art Gallery in June 2012.

The annual performance of the department is summarised as follows:

DIVISION	NUMBER OF PLANNED ACTIVITIES/EVENTS	ACHIEVEMENT IN PERCENTAGES	NON- ACHIEVEMENT IN PERCENTAGES
Sport	1	100%	0
Libraries	4	100%	0
Arts & Culture	15	67%	33%
Total	22	68%	32%

#### Achievements

The following achievements are highlighted:

- Complete installation of concrete palisade fence and supply of electrical connections for Mganduzweni hall, facility ready for official handover to the community.
- 40% work completed for construction of Msegwaba hall.
- 80% work completed for upgrading of ClauClau and Gutshwa Kop community halls.
- 100% completion of fencing with steel palisade fence the Mbombela Art Gallery, previously known as Van Riebeeck sport hall.
- 65 open sport grounds have been graded.
- 32 open sport grounds supplied with goal poles and have been installed.
- 5 capacity building workshops were conducted for the transference of knowledge and skills in the line of arts and culture to learners, artists and cultural groups. These workshops include: theatre and drama, script writing, contemporary dance and choreography, fine art, and poetry and story- telling.
- 1 art exhibition hosted to show case works of art of local artists.
- 1 craft flee market hosted to afford local crafters an opportunity to show case their skills and talent and also to sell their products to the public.
- Establishment of first ever Mbombela Art Gallery in Mbombela City which will accommodate the municipal art collection and create space for public exhibitions for local artists.
- Success in hosting the library week and winners of the competitions were awarded certificates.
- Success in hosting the Mayoral cup where 3 sporting codes were featured. These sporting codes included: male and female soccer, netball, and wheel chair basketball.

## Challenges

The main challenge that the department encountered was as a result of the reprioritisation process that took place at the beginning of the financial year where funds were relocated. As a result the following challenges have faced the department:

- Insufficient funds to complete projects;
  - o Renovation work for Gutshwa Kop and ClauClau halls is running with a shortfall of R456 619. 62 and the work is 80% completed already for both halls. The total cost for the projects is R1 956 619. 62 (i.e. ClauClau hall = R1 069 806. 78, Gutshwa Kop hall = R886 812. 84),
  - o An amount of R65 565 needed to finalize the payment for the service provider appointed to supply and install palisade fencing at the Van Riebeeck hall and the work is 100% completed already. The total cost of the project was R165 565.
- Libraries ended up depending on the "friends of libraries", which are the community forums, to run library programmes, instead of libraries staff members.

## Conclusion

The overall performance of the department can be said to be satisfactory. Most of the planned activities have been achieved.

Descripti on	Location	Ward	Origin al budget	Adjustme nt budget	Actual budget spent	Baseline (current status of the project)	Means of verificat ion	Key performa nce Indicator	Annual target for 2011/201 2	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non- achievement	State plans to address non- achievement and timeframes
<b>SOCIAL DEVELOPMENT</b>													
Negotiations not yet finalised. Project will resume once negotiations are completed.													
Construct ion of a Museum		14	3,000, 000	2,000,000	-								
Construct ion of Mganduz weni Communi ty Hall	Mganduz weni	9	3,400, 000	1,464,202	621,4 66.93	Construct ion complet ed	Completi on certific ate	Date of completio n of electrical work and fencing at Mganduz weni Communi ty Hall	30 March 2012		Before 30 March 2012 (Electrical connections done and electricity is in good working order, and fencing completed)	N/A	N/A
Construct ion of New Communi ty Hall	Msegwab a	1, 12, 22,	3,000, 000	1,572,000	454,7 20.32	Designs complet ed and tender advertis ed	Progress Report	% of constructi on of Msegwab a communit y hall	40% work completed (site establish ment, excavatio n and concrete to trenches)		Contractor is on site, and 40 % work completed (i.e. site establishment , excavations, concrete footings and foundation brick work)	N/A	N/A
Fencing of Van Riebeeck Park Communi ty Hall	Nelspruit	9, 10, 14, 16, 27, 33, 38	500,0 00	100,000	87,71 9.30	Tender process complet ed	Appoint ment letter, completi on certific ate	Number of communit y halls fenced	1		1 (Hall is completely fenced)	N/A	N/A
Procurem ent of Brushcutters	Institutio nal	Institutio nal	-	100,000	90,68 2.46	Shortag e of tools & equipm ents	Delivery note	Number of brush cutters purchased	14		12	Not sufficient budget allocated	To request Finance for sufficient budget to be allocated
Procurem	Institutio	Institutio	-	127,000	126,8	Shortag	Delivery	Number	4		2	There was a	N/A

# ***Electrical Engineering***

## **Introduction**

The Electrical Engineering Unit has a pivotal role in terms of the municipality's responsibility to render basic services in an efficient and sustainable manner. This Unit provides services to a population estimated at 527 293 and an estimated 137 353 households as per the STATS SA Community Survey (2007). This Unit comprises four sections, namely, Administration, Operations & Maintenance, Planning & Design as well as Technical Support. These sections are responsible for the following core functions:

### Administration:

- This is the office of the Senior Manager which is responsible for the overall management and administration of Electrical Engineering

### Operations & Maintenance

- Safe operation and maintenance of the distribution and reticulation networks
- Metering
- New connections and minor reticulation network extensions
- Maintenance of street lights in the eastern areas (townships and villages) through contracted services

### Planning & Design

- Planning and project management
- Development and implementation of infrastructure master plans
- Implementation of the electrification programme
- Determination of service contributions
- Comments on developments and building plans
- Development of technical specifications
- Participation in the district and provincial Energy Forum

### Technical Support

Descrip tion	Locat ion	Wa rd	Orig inal budg et	Adjust ment budg et	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performanc e indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non- achievement	State plans to address non- achievement and timeframes
Employ ees Electro nic Attend ance Registe rs(EAR)	Muni cipal Wide	ALL	700, 000	70000 0	-	Attendanc e Registers not in electronic format	Electronic Attendance reports per work place	Number of workplaces where EAR is installed	15 installed		Hardware delivered and allocated Capital amount of R 701608.11 authorised for payment	Late approval of Bid	Configuration of software and installation of devices will commence in July 2012 according to the Project Plan
Refurbi shment of Air conditi oners at Matsul u Civic Centre	Muni cipal Wide	ALL	2000 00	20000 0	166,901.7 5	Air conditio ners no longer economic ally repairable	Installation certificates	Number of air conditioner s installed at Matsulu and Hazyview services centres	11 in Matsulu and 3 in Hazyview		11 in Matsulu and 3 in Hazyview. (invoices attached)	N/A	N/A
Upgrad e and extensi on of the tetra two way radio system	Muni cipal Wide	ALL	4000 000	30000 00	52,842.17	Some of the major towns and areas covered.	network communica tion access provisioned	% Upgrade backbone infrastructure	20% of total area to be covered		Scope of work done and bid at procurement	Due to info required from the service provider	Will fast track procurement processes
Expansi on of Custom er relatio ns manag ement system	Muni cipal Wide	ALL	7000 00	50000 0	-	a basic contact centre in place	Customer relations functions provided for various depts.	Number of department where Customer Relations Manageme nt (CRM) system is implemente d	2		Completed for all the service delivery departments	N/A	N/A

Descrip- tion	Loca- tion	Ward	Original budget	Adjust- ment budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non- achievement	State plans to address non- achievement and timeframes
Upgrading of ICT software	Municipal Wide	ALL	1000 000	70000 0	357,700.8 4	Infrastructure and Information Man- agement Solutions & Systems including Research and Project Man- agement	software to be implemen- ted	% of software needed to be main- tained and kept up to date	20%		Software procured and implemented	N/A	N/A
Purchases of computer hardware	Municipal Wide	ALL	1200 000	12000 00	937,002.0 4	Servers, Network Systems & Desktop procured	Equipment in place	% of equipment procured	100%		Laptops procured for councillors	N/A	N/A
Upgrade of computer server room	Municipal Wide	ALL	5000 00	75000 0	591,417.7 1	A standard server room is in place	server room to industry and AG's standards in place	% of server room completed	100%		Equipment installed	N/A	N/A
Procurement of garden ing equip- ment	Kanyama and Matsi Service Centres	ALL	-	40000	31,573.74	No brush- cutters for maintain- ing lawn at service centres	Delivery note	Number of brush cutters purchased	2		4 brush cutters were purchased.	N/A	N/A
New Aircons	Municipal Wide	ALL		98,60 0.00	98,550.00	Air condition- ers	Invoices submitted at	Number of air conditioner	20		13 installed	The budgeted amount was lower than the	Requested for budget allocation for

Description	Location	Work	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
						longer repairable	completion of each phase	s installed				actual price.	the remaining air conditioners
Refurbishment of Civic centre building	Nelspruit		3000 00 0	20000 00	1,379,353.22	Civic Centre building in need of refurbishment	Invoices submitted at completion of each project	Continuous renovations taking place	Carpets replaced, Mayor's Parlour revamped		Carpets replaced, Mayor's Parlour awaiting additional furniture. (invoices attached)	Sitting capacity of new boardroom extended, resulting in additional furniture being required,	Expedite furniture installation.
Public address system	Institutional	Installation	1500 00 0	15000 00	170,000.00	PA System out of order	Invoice submitted at completion	Date of completion of replacing a PA system	30 March 2012		Public Address System replaced. (invoice attached)	N/A	N/A
Upgrade of custom contact centre	Municipal Wide	ALL	2000 00 0	20000 00	-	Functioning contact centre in place	System in place	% of contact centre completed	100% completed		Completed and functioning		
Refurbishment of aircon server room	Municipal Wide	ALL	7000 00 0	70000 00	-	Air conditioning not functioning adequately	Completed specifications	Date of completion of specifications for replacement of Aircon units in the server room	30 June 2012		Project handed over to EDM for execution. SCM Processes currently in place.	Project started from scratch by executing team.	

Description	Adjusted Budget	Actual budget spent	Baseline (current status of the)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance	If not achieved,	State plans to
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									for 2011/2012	state reason for non-achievement	address non-achievement and timeframes
Finalizing misconduct cases	N/A	N/A	12 outstanding misconduct cases	Appointment letters, attendance registers	No. of finalized misconduct cases	12			15		
Local labour Forum (LLF) meetings	N/A	N/A	6 meetings were coordinated	Agendas	No. of LLF meetings coordinated	10			8	Non-attendance and postponements before requests for postponements by members before the meeting date.	The policy to address non-attendance of LLF meetings by members must be applied strictly.
Employment Equity Forum (EEF) meetings	N/A	N/A	4 meetings were coordinated	Agendas	No. of EEF meetings coordinated	4			1		
Employment of people with disabilities	N/A	N/A	4 people with disabilities are employed	Progress report	Number of people with disabilities employed	10			0	Dependent on positions advertised and applications received	Engage disability desk
Employment of African females	N/A	N/A	589 African females currently employed	Progress report	Number of African females employed	20			104	N/A	N/A
Employment of Indians	N/A	N/A	6 Indians currently employed	Progress report	Number of Indians employed	4			0	Dependent on positions	Recruitment to target



Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
									advised and applications received	Indian Community
Employment of Coloureds	N/A	N/A	28 Coloureds currently employed	Progress report	Number of Coloureds employed	2		3	N/A	N/A
Employment of White females	N/A	N/A	45 White females currently employed	Progress report	Number of White females employed	5		0	Dependent on positions advertised and applications received	Recruitment to target White Community
Employment of people from employment equity target groups employed in the three highest levels of management	N/A	N/A	72 people from employment equity targets are currently employed	Progress report	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved Employment Equity Plan	5		0	Dependent on positions advertised and applications received	No appointment made at this level during 3 <sup>rd</sup> quarter

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Skills development programme	R 1 200 000	400 000	1,801,389	Capacity building	Competency certificates	Number of Councillors and Officials benefitting from skills programmes	15 Councillors and 280 officials benefitting from skills programmes		77 Councillors & 505 Officials		
ABET programme	R 17 183	400 000	2,353	ABET Programme	Competency certificates	Number of ABET learners	48 learners registered for ABET programmes		44 Current registered learners	Employees are apathetic and do not fully utilise the well-equipped ABET Centres	Embark on recruitment campaign or alternatively source independent service providers as contracted by LGSETA to facilitate ABET. This matter will be addressed by 31 July 2012. Matter initiated with the Office of the GM: Corporate Services
Internal and External Bursaries	R 1 500 000	500 000	1,781,434	Bursary allocation for critical skills and development of officials	Proof of registration	Number of external and internal bursary holders	20 new external bursaries and 60 new internal bursaries allocated		13 new external bursaries and 86 new internal bursaries allocated	Of the 50 external bursaries application received, only 14 met the criteria and one applicant withdrew after the offer.	Change the advertising method to get a bigger pool of applicants. New methods will include Council meeting announcements and newspaper advertisement.

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Filling of funded vacant positions	-	50 000	50 000	Alignment of Organisational structure and HR budget and HR budget provision of 24% of Operating Budget	Post establishment report and HR Budget expenditure report	% of funded positions filled according to the approved organisational structure and within the 30% provision the operating budget	93%		87.5%	Slow progress with filling of vacancies du	Appointment of temporary staff to assist with long lists and submission of same to Executive Management for approval of process plan.
Performance management system for non section 57 employees	-	-	-	Improve performance and monitor results	LLF Minutes and copy of accepted framework	Date of tabling Performance management system for non section 57 employees to LLF meeting for acceptance and buy-in	Performance management framework developed and accepted by Local Labour Forum.		The Draft Performance Management System available	The Local Labour Forum has not pronounced itself yet.	To be tabled in the next Local Labour Forum 11 July 2012
Job descriptions	-	200 000	-	Update and evaluation of individual Job Descriptions	Signed Job Descriptions	% of Job descriptions updated, signed by all parties and evaluated	100% Job Descriptions updated and signed		86.15% job descriptions updated and signed	Lack of support from other departments	Communiqué send to departments to support the process

# DEPARTMENT: FINANCIAL SERVICES

## Introduction

The department strives towards ensuring sound and legal financial management and viability through achieving the following key performance areas as articulated in the municipal 2012 – 2017 approved Integrated Development Plan

- Improve financial management
- Improve revenue management
- Ensure value for money
- Effective and efficient management of the valuation roll
- Effective and efficient supply chain management

## Achievements:

- A revised Revenue Enhancement Strategy was approved by Council for approval on the 27th October 2011. The purpose of the Revenue Enhancement Strategy is to improve revenue generation and collection of the municipality with the objective of ensuring that the municipality is financially sustainable. The key pillars of the strategy are:
  - o Accurate billing
  - o Customer relations
  - o Effective credit control
  - o Debt management
- To meet the request of some of our valued customers to receive monthly bills through the Short Message Service (sms) and e-mails, a system was introduced to address the need;
- Immovable asset register updated and captured on the financial management system in August 2011;
- Obtained an unqualified audit opinion from the Auditor General on the annual financial statements for the year ended 30 June 2011;
- Developed a five year financial model and strategy to turnaround and stabilize the unpleasant financial situation of the municipality in May 2012;
- Upgraded the payment vouchers and documents filing and storage facilities and system;
- Reformed the reporting processes and complied with the Municipal Finance Management Act reporting framework in terms of in-year reporting requirements (section 52, section 71, section 72 and Municipal Supply Chain Management Regulations);
- The 2011/2012 adjustments budget, 2012/2013 – 2014/2015 draft and final annual budget and Medium-Term Revenue and Expenditure Framework (MTREF) tabled and approved as prescribed by the MFMA and its regulations;
- Implemented a secured business Integrator Online (BIO) system in June 2012;

- Won a Provincial Vuna Award for the most improved municipality in financial viability and management.
- Revenue Enhancement strategy reviewed and approved by Council in October 2011 for implementation;
- Achieved an average monthly meter reading rate of 95% in line with the revenue enhancement strategy;
- Achieved an average collection rate of 94% from rates and services charge and outstanding debts;
- Appointed a municipal Valuer in terms of the Municipal Property Rates Act (MPRA) to compile and certify the general valuation roll for 2014 – 2018;
- Obtained approval in October 2011 from MEC for Cooperative Governance and Traditional Affairs for extension of validity of the current general valuation roll until 30 June 2014; and
- Updated and maintained the general valuation roll by compiling two supplementary valuation rolls, supplementary valuation roll 6 and 7 implemented in August 2011 and February 2012 respectively.
- Tested and deployed the electronic procurement system for implementation as from 02 July 2012 as part of the supply chain management processes reforms; and
- Reviewed the supply chain management policy to be in line with the new Preferential Procurement Policy Framework regulations and the economic empowerment initiatives
- Extended the prepaid electricity vending machines at EasyPay outlets, Pick n Pay, Shoprite and Checkers;
- Automated the municipal accounts distribution system and implemented SMS and email system;
- Implemented an automated Indigent register system;
- Put in place a functional call centre to improve customer care.

## Challenges

- Delays in sitting of the bid adjudication committee adversely affect the performance of departments;
- Cash-flow challenge which culminate to non-compliance to legislation in paying service providers within the thirty days;
- Lack of cash flow projections from departments to develop realistic monthly cash flow projections of the municipality;
- Conditional grants under spending;
- Lack of long term financial strategy;
- Implementation of the revenue enhancement and the cost curtailment strategies;
- Poor planning which results in increased number of supply chain deviations;
- Compliance with supply chain regulation 44 in terms of the verification of state employees;
- Functionality of the IDP and Budget Steering Committee;
- Insufficient personnel in the Supply Chain Management and Fleet Management sections;
- Lack of fleet and fuel management systems in the municipality.

## Conclusion:

Although the department has exceptionally performed considering the experienced challenges during the financial year, a lot still needs to be done in order to completely turnaround the financial situation. Improvement on the financial and revenue management is one key area the municipality must ensure that every stakeholder in the organization has an effective role to play. Political buy in, encouraging a culture of payment and collectively taking responsibility towards debt collection will promote effective revenue management culminating to cash backed reserves for the municipality.

Description	Location	WARD	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Financial Documents Filing Storage System	Institutional	Institutional	200,000	150,000	120,800	Payment vouchers not filled properly due to inadequate filing space.	Invoice	% upgrade of the filing storage and system	100% upgrade of the filing storage and system		100% filing storage and system upgraded	N/A	N/A
Insurance Replacement Assets	Institutional	Institutional	500,000	350,000	341,208.92	Replacement of Insured Assets upon the occurrence of the insured event	Invoice/Delivery Note and Incident claim form	% replacement of insured Assets upon the occurrence of the insured event	100% replacement of insured assets upon the occurrence of the insured event		100% replaced insured assets upon the occurrence of the insured event	N/A	N/A
Upgrade Electronic Procurement System	Institutional	Institutional	350,000	350,000	304,162.00	No electronic procurement system in place.	Close up report	% of implementation of electronic procurement system linked to e-Venus.	100%		100% operational. The implementation of the electronic system is an on-going process	N/A	N/A

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Asset Management Framework	400,000	388,380	0	Revised asset management policy and no procedures and processes on the implementation of the asset management policy	Minutes of Senior Management Committee	% Development of the asset management framework and approval by Management Committee	100% developed and approved asset management framework		50% draft asset management framework developed	Delay in the appointment of the service provider	The asset management framework will be finalised and tabled before Senior Management Committee for approval during the first quarter of the 2012/2013 financial year.
Immovable Asset Register	1,200,000	771,373.65	771,372.65	Updated immovable assets register complying to GRAP framework	Updated immovable assets register	% update and maintenance of the immovable assets register complying to GRAP framework	100% update and maintenance of the immovable assets register		100% updated and maintenance of immovable asset register for the period ended 30 June 2012	N/A	N/A
Billing An Debtors System Analysis and Purification	1,000,000	500,000	0	Billing and debtors' data unreliable and corrupt.	Report on data analysis	Date of completion of desktop analysis report of billing data	30 June 2012		Tender closed on the 19 <sup>th</sup> April 2012	The appointment of service provider was not finalised as at 30 June	The desk top analysis report will be prioritised once the service provider is appointed by the end of

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Revenue Enhancement Social Facilitation	430,000	330,000	202,600	Revenue Enhancement Strategy Implementation not reviewed	Report on the reviewed Revenue Enhancement Strategy	% Review of the Revenue enhancement strategy review	100% review of the Revenue Enhancement Strategy		The Revenue Enhancement Strategy was approved by Council as per CR A (1)(b) of 24.11.2012	N/A	N/A
Compilation of General Valuation	1,000,000	500,000	0	2009 - 2013 general valuation roll implemented	Municipal Valuer Service Level Agreement	Date of appointment of municipal valuer to compile 2014 - 2018 general valuation roll. Date of finalisation of project execution Plan	30 March 2012 (appointment of municipal valuer) 30 June 2012 (finalisation of project execution Plan)		Municipal Property Valuer appointed and already started the process. Execution plan completed to be presented before Senior Management, Mayoral Committee and the council.	N/A	N/A

Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Financial	N/A	N/A	Unqualified	Audit report	Favourable audit	Unqualified		Unqualified	N/A	N/A



Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Accountability and Reporting Requirements			audit opinion for 2010/2011 financial year		opinion received	audit opinion with no financial matters of emphasis		audit opinion for the 2010/2011 financial year		
			Monthly budget and financial performance reports submitted to the Office of the Executive Mayor within prescribed timeframes	Acknowledgement of receipt and report from the Office of the Executive Mayor and National Treasury	Number of credible budget and financial performance reports submitted to the Office of the Executive Mayor and National Treasury within prescribed timeframes (Section 71 of the MFMA)	12		12 budget and financial performance reports have been submitted to the Office of the Executive Mayor and National Treasury within prescribed timeframes (Section 71 of the MFMA)	N/A	N/A
			Quarterly budget and financial performance reports submitted to Council within prescribed timeframes	Council resolutions	Number of quarterly budget and financial performance reports submitted to Council (Section 52 (d) of the MFMA)	4		4 quarterly budget and financial performance reports were submitted to Council.	N/A	N/A
Supply Chain Management performance reporting	N/A	N/A	Quarterly supply chain management performance report submitted to the Office of the Executive Mayor	Acknowledgement of receipt from the Office of the Executive Mayor	Number of quarterly supply chain management performance reports submitted to the Office of the Executive Mayor within the prescribed	4		4 reports submitted	N/A	N/A

Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
			N/A	Council resolution	timeframe Number of supply chain management performance reports submitted to Council within the prescribed timeframe	1		1 report, item A(6) of 20 July 2012.	N/A	N/A
Medium Term Revenue and Expenditure Framework (MTREF) adoption	N/A	N/A	Medium Term Revenue and Expenditure Framework approved 11 May 2011	Council resolution	Date of tabling the MTREF before Council	30 June 2012		MTREF approved on 31 May 2012	N/A	N/A
Midyear budget assessment reporting	N/A	N/A	Approved medium term budget	Council resolutions	Date of tabling the adjustment budget within the prescribed period	28 February 2012		2011/2012 adjustments budget approved on 28 February 2012	N/A	N/A
To improve financial management	N/A	N/A	No comprehensive financial modelling and strategy	Comprehensive financial modelling and strategy document	% development of a comprehensive financial modelling and strategy	100%		financial modelling and strategy approved on 31 May 2012	N/A	N/A
Attainment of a good credit rating	N/A	N/A	A2.za (2008/2009 financial year)	Credit rating report	Credit rating attained	A2.za		A2.za	N/A	N/A
Improved liquidity position	N/A	N/A	The current ratio is 1: 0.49 (current assets to current liabilities)	Audited annual financial statements	Ratio of current assets to current liabilities	Ratio of 1 : 1		The current ratio is 1: 0.3 as at 30 June 2011	The short term bridging finance (overdraft) was settled. The liability regarding unspent	Compilation of the 5 year financial plan used as a basis for preparation of the

Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
									conditional grants.	MTREF 2012 - 2015
Improvement on payment of creditors	N/A	N/A	Non compliance to Section 65(e) of the MFMA	Payment register	Number of days for payment of creditors	30 days			Cash flow challenges	Appointment of debt collector to improve on collection Convene a Revenue Management Indaba
Maintenance of the current valuation roll	N/A	N/A	Supplementary Valuation Roll 6 compiled	Supplementary valuation rolls	Number of supplementary valuation roll compiled	2		Approval for the extension of the current valuation roll was approved the COGTA MEC Property Valuer appointed to maintain the current valuation roll	N/A	N/A
Enhancement of revenue generation measures	N/A	N/A	89% monthly meter reading rate	Meter reading exceptions reports and statistical reports	% monthly meter reading rate	95%		87% was achieved	Meter readers were prevented from reading at Kabokweni as well as rejected readings excluded.	Rejected readings will be corrected by September 2012.
				Meter reading exceptions reports and statistical reports	% meter reading accuracy rate	90% meter reading accuracy rate		92 % was achieved	N/A	N/A
Improve municipal	N/A	N/A	Municipal accounts are	Sms and email customer reports	Number of new electronic account	2 new electronic		SMS and email distribution	N/A	N/A

Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
accounts distribution system			mailed to customers	distribution list	distribution system implemented	account distribution system implemented		system implemented		
			Billing cut off date 15th every month	Monthly billing report	Cut off date for monthly billing	Billing cut off date 12th every month		Monthly Billing done before 15th	N/A	N/A
	N/A	N/A	Average collection rate of 92% per month on current accounts	Monthly debtors performance report	% average collection rate per month	90%		95.92 % as at end of June 2012	N/A	N/A
Enhancement of revenue collection			No receipt allocation age analysis system	Monthly debtors performance report	% debt collected	24% of debt collected		21.25% collected	N/A	N/A
				Council resolution	% of debt to be written off by Council	5%		5.84% debt written off. (R 24 448 471.65 form a total of R 418,505,342.68)	N/A	N/A
Effective Supply Chain Management processes	N/A	N/A	Non adherence to the procurement calendar	Approved procurement calendar	% adherence to procurement calendar	100%			Reprioritisation of projects delayed the implementation of the procurement calendar	Report performance of the procurement calendar with the Executive Management committee to monitor department that are not cooperative.

Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
			Inadequate Supplier database information for vetting and classification purposes	Updated supplier database	% update of the supplier database information	100%		Credible database linked to Intenda has been updated in May 2012	N/A	N/A

# CORPORATE COMMUNICATION

## Introduction

The unit is charged with the responsibility of External & Internal Communication, Media Liaison, Marketing and Branding of the municipality

## Achievements

- The municipality's new leadership was featured in the Gaffney's Local Government encyclopedia of municipalities for the new term of office.
- Feature articles of the municipality and the profile of the Executive Mayor were published on the PMR Magazine
- The turnaround time for media responses has greatly improved which led to improved relations with the media
- Two quarterly newsletters were published for the period under review

## Challenges

- Inadequate funding has contributed in the unit not achieving a full quota of publications and more features on the municipality
- The unit has been operating at 50% staff complement

## Conclusion

- The intervention of the MMC (Executive Mayor) is appreciated in ensuring that vacant positions are prioritized.
- Improved funding in the 2012/13 financial will ensure that the unit achieves 100% on the planned projects

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (Current Status of project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Rebranding and Re-profiling of the	600,000	300,000	299,885.65	Municipal calendars and diaries were distributed in January 2011	Delivery note	Date of distributing municipal calendars and diaries	29 February 2012		Calendars and Diaries were delivered and	N/A	N/A

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Replacement of Lawn mowers	Local	Local			00.00	Replacement of tools & equipment	note	Replacement of ride-on lawnmowers purchased			lawnmowers and 2 tractor slashers were purchased	need for purchase of slashers.	
Procurement of Tables and Chairs for Maganduzweni and Tekwane North Halls	Maganduzweni and Tekwane North	9, 18	-	105,200	105,135.00	Shortage of chairs and tables	Target achieved in the second quarter	Number of community halls furnished with chairs and tables	900 chairs 40 tables		910 chairs and 40 steel folding tables purchased & delivered	N/A	N/A
Procurement of Digital Cameras	Local	Local	-	5,557	5,554.59	No camera	Order for appointment, delivery note.	Number of Cameras delivered	1		2 digital cameras purchased	N/A	N/A
Restoration and Framing of Art Pieces	Local	Local	-	15,040	16,453.00	3 pieces restored and 23 framed	Appointment orders	Number of art pieces restored and framed	3 art pieces restored and 26 framed		3 art pieces restored and 26 framed	N/A	N/A
Upgrade of Old Community Halls	Clau Clau and Gutshwa Kop	10, 31	-	400,000	785,157.95	Tenders are at BEC stage	Progress report	% of upgrading completed for Clau Clau and Gutshwa Kop community halls	50%		Upgrading work 80% completed	N/A	N/A
Upgrade of Van Riebeck	Nelspruit	16	-	500,000	-	The facility is dilapidated	Payment certificate	Date of finalisation of draft	30 June 2012		Professional consultants invited to	Consultants not yet appointed	Appoint Consultant and complete designs by 30 September 2012

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Park Swimmim g Pool						ed		designs for upgrading of the van Riebeck facility			submit quotations for development of designs		

### Operational budget

Description	Original Budget	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes

### SOCIAL DEVELOPMENT

Grading of Open Grounds and Installation of Goals Posts	500,000	300,000	341,716	Backlog of sport facilities	Appointment letters, list of grounds graded and goal poles installed	Number of sport grounds graded and installation of goal poles	65 sport grounds graded and 30 goal poles installed		65 Grounds graded and 32 goalposts installed	N/A	N/A
Facilitation and Promoting Arts Through Visual And Performing Arts	800,000	250,000	194,061.30	Annual arts & culture programmes	Attendance registers & reports	Number of workshops, exhibitions and events on arts & culture conducted	6 workshops, 1 craft flee market, 1 art exhibition, 2 celebrations (Heritage Day & Human Rights Day), 4 community arts & cultural performances, and launch of Art Gallery		5 workshops conducted on theatre & drama, script writing, choreography & contemporary dance, fine art, and poetry & storytelling. 1 craft flee market&1 art exhibition hosted. 2 celebrations	The actual amount quoted for the events exceeded the allocated budget	The outstanding programmes will be implemented in 2012/2013 financial year



Description	Original Budget	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
									conducted: heritage day celebration coupled with official opening of Tekwane North community hall & Human Rights Day commemoration. Mbombela Art Gallery launched & officially opened.		
Library Programmes	300,000	250,000	220,096.25	4 Annual library programmes implemented	Quarterly reports and pictures	Number of library programmes implemented	4 library programmes implemented		Four annual library programmes implemented 1. Literacy Month 2. Abet competition (2 <sup>nd</sup> quarter) 3. Library Week celebration (3 <sup>rd</sup> quarter) 4. World book day celebration (4 <sup>th</sup> quarter)	N/A	N/A
Documentation of History and Heritage	400,000	100,000	105,000	Expression of interest invited	Proof of receipt of the plan	Date of completion of a draft research plan	30 June 2012		Received expression of interests from interested service	Delays in calling for expression of interest and tender, and	Continue with the project once funding is confirmed

Description	Original Budget	Adjusted Budget	Actual budget spent	Baseline status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
									providers, and terms of references completed	that funds were reallocated to support the Mrs Mpumalanga Beauty Pageant	
Mayoral Cup	-	1,890,000	105,000.00	Sport annual events	Target achieved during the second quarter.	Number of sporting codes competing during the Mayoral cup event	3		Successful hosting of Mayoral Cup in football (male and female) netball and wheelchair basketball	N/A	N/A

## Parks/Waste and Environmental Services

### Introduction

- The Department of Community Services is led by the General Manager as Head of the Department, Mr RC Matola, the Political Head of the Department is Councillor PA Mathe, a Member of the Mayoral Committee and the Senior Manager: Mr VP Khoza.
- The department is currently responsible for the following functions around Mbombela Local Municipality which includes Hazzyview, White River and Nelspruit and all previously disadvantaged rural townships around Mbombela:
  - Waste management, parks and cemeteries and Environmental Management.

The other new key performance areas are

- Adopt – A-spot initiatives
- Expanded Public Works Programme (EPWP) initiatives
- Waste Minimization and Recycling Programmes
- In terms of the SDBIP, the department has the following projects for the year 2011/2012
  1. Design and costing for ablation facilities for Hazzyview, White River, Kabokweni and Nelspruit.
  2. Design and costing of White River transfer station and ablation facilities.
  3. Submission of internal municipal service provision feasibility study report.
  4. Upgrade of environmental management frame work for Mbombela Local Municipality.
  5. Delivery of brush cutters and lawn mowers,
  6. Delivery of 80 cubic meter containers for waste removal.
  7. Fencing of Nelspruit Landfill site.

## Achievements

- The SDBIP performance is rated at 71, 4% with 5 projects achieved and 2 projects not completed yet.
- The achieved projects are:
  1. Design and costing plans for ablation facilities were processed and only tendering processes will take place in this new financial year, 2012/2013.
  2. Phase one for design and costing of White River transfer station has been completed.
  3. Submission of internal municipal service provision feasibility study report completed and will serve in council in the next council.
  4. Delivery of brush cutters were achieved as 22 brush cutters were procured.
  5. Fencing of Nelspruit Landfill site has been fenced by means of a palisade concrete fencing.
- Opened a new Central Waste Disposal Facility in Tekwane West ( 29/09/11);
- Planting of 2000 trees on Arbour Day, September 2011 at MB 9 and MB 6 (Mgcobaneni and Mshadza).
- New Integrated waste Management Plan approved by council ( 25 November 2011);
- Council approved adopt a spot initiatives policy guidelines to lure private sectors and public at large to adopt open spaces for greening ( October 2011)
- Mbombela became the best performing municipality in increasing the jobs to 330 (EFT) jobs, within twelve months in terms of Expanded public Works Programme (EPWP) and made an incentive of R 5,8 million
- Umsebe Development Planners consultants were appointed to identify the four regional cemetery sites in Mbombela.
- The Expanded Public Works Programme including the strategy was developed and approved by council in July 2012, to implement the EPWP projects in an organised and coordinated manner by September 2012.
- Mbombela Local Municipality is implementing waste management related legislative policies with the National Environmental Affairs Department in dealing with all waste management related matters.

- Mbombela was selected by National Department of Environmental Affairs to conduct an Ambient Air Sampling Programme to determine the level of pollution and extent of the problem for proper designation as prescribed by the Air Quality Act 2004 and managed to present the report to council.
- Mbombela managed to establish Mbombela Environmental Management Forum with Ehlanzeni District Municipality in December 2011 in order to manage waste.
- Ehlanzeni District Municipality assisted Mbombela Municipality by deploying 90 EPWP volunteers to beef up personnel to improve the waste collection services in and around Nelspruit in December 2011 to January 2012.
- EDM assisted council with 41 EPWP Volunteers to do litter picking in Nelspruit in April to June 2012
- Hosted training programme on Land fill sites management : September 2011
- Cleaning up campaigns were conducted in the following places
  1. KaNyamazane : 19 July 2011 ( Mandela Month )
  2. Clean up campaign at Nelspruit Taxi Rank during the Transport Month in October 2011.
  3. Nelsville: 21 March 2012
  4. Hazyview: 27 April 2012
  5. White River: 12 May 2012
  6. Matsulu: 21 June 2012
  7. Hazyview: 29 and 30 June 2012
- Tree planting programme at Tekwane South : 25 March 2012 with the MEC responsible for DEDET
- Appointed 29 employees in Waste Management in 2011
- Appointed 75 employees in Parks and Cemeteries in 2011
- Seven (7) spots were identified for adopt a spot initiatives
- Observed the Mandela Day on 18<sup>th</sup> July 2011 by cleaning Nelspruit Taxi Rank
- Received a Silver award for participating in Flower Show in Pietermaritzburg: October 2011.
- Conducted Driver Training programme 9<sup>th</sup> and 23<sup>rd</sup> June 2012 facilitated by Union Motors in Nelspruit
- Excessive overtime claimed in waste reduced by 5% after a strategy to manage excessive overtime was developed and implemented.

## Challenges

- Mbombela only services 27% of the entire area in terms of waste collection.
- Waste management services operations not up to the acceptable standard.
- The division does not have adequate resources (Human & Equipment).
- Interwaste Waste Management Solutions removing solid waste from businesses illegally.
- The budget allocation is limited.

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- The difficulty in implementing the new plans which require more personnel on the ground e.g. Waste Information System and Planning.
- The lack of Waste Storage facilities in other areas (Transfer Stations).
- Lack of burial space in Mbombela.

## Conclusion

This division is in terms of the new organisational structure divided into three divisions with three Senior Managers:

1. Senior Manager: Solid Waste Management (**occupied**)
2. Senior Manager : Parks & Cemeteries : **vacant**
3. Senior Manager: Environmental Management : **vacant**

The status quo will however remain until the Human Resource department advises council on the implementation of the new structure. Council has approved the Integrated Waste Management Plan for Mbombela twice in the past terms. This plan serves as a tool to guide the municipality towards resolving waste management problems. The third upgrade is just about to be done in the current financial year 2012/13. It is imperative that council take note of the fact that this plan is informed by the National Environmental Management: Waste, Act 59 of 2008. National Department of Environmental Affairs periodically assesses the performance of the municipalities based on the findings and responses from the integrated waste management plan (IWMP).

It is of the interests of this Municipality to employ personnel who will understand and have the necessary skills and qualification s equal to the needs in improving service delivery in order to achieve unqualified reports as a measurement tool for good governance.

Descript tion	Locat ion	Wa rd	Orig inal budg et	Adjust ment budg et	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performanc e indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non- achievement	State plans to address non- achievement and timeframes
<b>PARKS/WASTE AND ENVIRONMENTAL SERVICES</b>													
Constr uction of Ablutio n and Change Room Facilitie s - White River	Whit e River	Wa rd 1,1 5,3 0,3 8	600, 000	800,0 00	52,700.00	Inadequat e Ablution and Change Room Facilities	Final Invoice	Date of completion of Design and Costing of Ablution and Change Room Facilities	30 June 2012		A consultant was appointed on 23 May 2012	The project was delayed by the transferring of the project to EDM. Management reviews of the conceptual designs also delayed the	The Design and Costing of Ablution and Change Room Facilities will be completed on 31 July 2012.

Description	Location	Work done	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Establishment of Waste Transfer Station	White River	1, 6, 18, 30, 38	7,000,000	300,000	-	Long haul distance to Tekwane West Central Waste Disposal Site. Thus, a need for a transfer station at White River	Final Invoice	Date of completion of Design and Costing of White River Transfer Station ablation facilities (Phase 1)	Design and Costing of White River Transfer Station ablation facilities (Phase 1)		No progress	The allocated funding was not made available by Financial Services department, thus the department could not proceed with the project	The project will be implemented in 2013/2014 financial year.
Procurement of Lawn mowers	Institutional	Insitu	-	127,000	126,800,00	10 Lawn mowers were purchased during the first quarter	Delivery Note	Number of lawn mowers purchased	3		11 brush cutters were procured instead of the Lawn mowers	The R127 000 budget allocation was not provided	Achieved
Procurement of Waste Containers	Nelspruit, White River	1, 15, 30, 38	1,500,000	1,500,000	-	Inadequate waste storage facilities	Delivery note	Number of 6m <sup>3</sup> containers purchased	80		The SCM processes were exhausted in October 2011 after it was discovered that no bidder was responsive.	The closed bidding process will be closed on 13 July 2012.	The appointment of the service provider will be done in August 2012. Delivery of containers is expected in October 2012
Refurbishment of Nelspruit Landfill	Nelspruit	All Wards	3,000,000	2,000,000	1,450,900.00	Damaged wire mesh fence	Completion certificate	% of fencing of Nelspruit landfill site	100%		The Service Provider completed the fencing of the Nelspruit Landfill site on 30		Achieved

Description	Location	Worked	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Fencing											June 2012		

### Operational budget

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes

### PARKS/WASTE AND ENVIRONMENTAL SERVICES

Completed in the first quarter

Flower Show	37,905	27,905											
Extension of Waste Collection Services	2,000,000	400,000	285,359.10	Backlogs of 70% of the households not receiving waste collection services	Council resolution	Date of submission of the internal Municipal Service Provision (MSP) Feasibility Study Report to Council	Council resolution						
Environmental Management Plan	500,000	3,116	3,116.08	2006 EMF	EMF Report and Final Invoice	Date of completion of the Draft Environmental Management Forum (EMF)	Feasibility study						

The draft MSP report is complete and a council report is compiled

Management reviews of the draft investigation report delayed the process of tabling the draft MSP to Council.

The draft MSP will be submitted to Council by 28 September 2012.

The design were made and the project was kept on hold after adjustment budget process

The project referred to the new Financial year 2012/13

## Public Safety

### Introduction

The Department is currently divided into five Sub-sections namely:

- Fire and Rescue Services
- Traffic Services
- Licensing Services
- Security and Disaster Services
- Public Transport

### Fire and Emergency Services

#### Achievements

- The unit completed a successful community Awareness campaign in partnership with the Department of Education.
- The unit has also been able to respond within five minutes in the towns of Mbombela and White River.
- The unit has completed the renovation of the female fire fighter's rooms and awaiting finalization of SCM Process for the ablution facilities.
- The DSTV Subscriptions for all fire houses complete and project running with satellite television available to all staff at fire stations.
- Matsulu Fire House project underway and the construction company will be appointed in September.

#### Summary of 2011/12 financial year:

Section	Number of achieved targets	Number of targets not achieved	Total number of targets
Fire Suppression	83	0	83
Number of Emergency Calls	177	0	177
New Building Plans Approved	52	23	75
Existing Buildings Inspection	67	42	109
Community Awareness Campaign	1	0	1
Total	380	65	445
Percentage	85,39 %	14,61 %	100 %

#### Challenges

- The main challenge why certain targets are not met is the shortage of staff.



- There are vacancies since last year and these vacancies are making serious impact on our service delivery plan and performance regarding speed of delivery especially in fire prevention unit and building plan approval units.
- The shortage of personnel in this section delays other sections of BAS (Building Application Systems) in completing their part due to the sheer amount of work and the hands available to do it.
- The future regarding the demarcation of Hazyview town is hampering the progress of the Hazyview Fire House.

### **Traffic Services**

#### **Achievements**

- 4 908 damaged road signs erected / replaced
- 12,054 m<sup>2</sup> / 248,718 Linear meters of road marked.
- 44,513 Summonses issued
- Accidents reduced to 6 861 within Mbombela
- Training of 6 Traffic Wardens and 1 Law Enforcement Officer.

#### **Challenges**

- Ineffective operational capacity to enforce the National Road Traffic Act, Act 93/96 & Criminal Procedure Act, Act 51/77
- Municipal By-Laws **not** Legal Compliant
- Ineffective operational capacity to enforce Municipal By-laws.
- Ineffective operational capacity to maintain Road Signs, Road Markings and Road Signals.
- The following could not be achieved due to financial constraints: Recruitment of 63 Traffic Officers, Recruitment of 18 Law Enforcement Officers to enforce By-Laws, Office Space to accommodate Traffic Department

### **Licensing Division**

The Licensing division is currently divided into three sections, namely;

- Registering Authority ( RA )
- Drivers License Testing Station (DLTC)
- Vehicle Testing Station ( VTS )

The division is responsible for fitness of drivers and vehicles. The division is also responsible for implementation of other projects initiated by other stake holders like National Department of Transport (Arrive Alive) and National and Provincial Inspectorate (Roadworthiness campaigns).

Section	Number of achieved targets	Number of targets not achieved	Total number of targets
RA	11813	0	11 813
DLTC	10041	2 459	12 500
VTS	1728	272	2 000
Total	23582	2 731	26 313
Percentage	81%	19%	100%

## Achievements

The department's achievements are summarized below:

- **Registering Authority ( RA )**
  - 11 813 vehicles were registered
  - 17 303 vehicles were licensed
- **Drivers License Testing Station (DLTC)**
  - 2 569 Learners license applications were processed
  - 1 883 Drivers license applications were processed
  - 5 589 drivers license were renewed
- **Vehicle Testing Station ( VTS )**
  - 94 Busses were tested
  - 154 Heavy motor vehicles were tested
  - 1 476 Light motor vehicles were tested
  - 4 motorcycle were tested

## Challenges

The main challenge why certain targets are not met is the shortage of staff under DLTC and VTS. There are six vacancies of Examiners since last year and these vacancies are making serious impact on our service delivery plan and income to Council. Corruption also plays a role in the day to day running of this Unit.

## Security Services and Disaster Services

This unit is responsible for the protection of Council movable and immovable properties including the staff and Politicians.

Mbombela Local Municipality has two security systems that are as follows.

- In-house Security
- Private security

In-house security has 26 security personnel presently. The section has lost 24 security guards between 2007 and 2011 due to deaths, dismissals and pensions. All this personnel were not replaced as Council was still not sure whether to outsource or not the whole section or not. Presently there are twelve funded posts of which ten were advertised last year and then stopped. Four Security personnel were seconded to work for Disaster Management Unit full time since and another two were transferred to other Departments respectively (A Tlou and L Sifunda).

The number of sites which are still to be handed to Council for protection are increasing monthly. The budget required for Security is always inadequate. For example previous salaries budget for 2011/12 was R10-million with some of the salaries dating back 2007. Presently Council has advertised 98 sites on Tender No. 16/2012 and the estimated cost for salaries is R21,6-m.

### Challenges

All the security systems used in Council presently is outdated.

- Main doors and emergency doors are not functioning properly.
- Electronic Security systems are not existing e.g. turnstiles and searching devices
- Access control system is outdated.
- Security tender not finalized, cancelled twice and most of the sites are monitored by Private Companies.
- Security budget for repairs, oil and fuel is shared between Security and Disaster Unit.

### Disaster Management

The Disaster Management component is as follows:-

- 1 x Manager
- 4 x personnel seconded from Security Services

#### Services Rendered

- Emergency Services – receiving and dispatching
- Disaster assessments
- Responding to disasters provide and co-ordinate Emergency housing

The performance of the year is summarized as follows:

NATURE OF DAMAGE	ACHIEVEMENTS	Number of targets not achieved	Target
houses collapsed	74	0	74
houses damaged	96	0	96

Major accidents	3	0	3
Incidents	1050	0	1050

The division is responsible for compliance to disaster management act 57 of 2002, by responding to the following disaster:

- Storm damages
- Floods
- Accidents
- Fire

The division also co-ordinates meetings with stakeholders or advisory forums in conjunction with Ehlanzeni District Municipality, COGTA and the National Disaster Management Centre.

## Challenges

- Inadequate personnel as the division is operating with 1 Manager and 4 personnel seconded from Security Services.
- The Unit uses the Security budget as it has no allocation on the budget

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved		Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes	
PUBLIC SAFETY															
Construction of Hazyview Fire Station	Hazyview	1	2,000,000	200,000	-	Land identified. Title deed to be endorsed. The project to commence next financial year	Title deed in the name of Mbombela Municipality Completion Report	Date of endorsement of title deed and date of completion of fencing of the site	1				Title deed endorsed. Fencing to be conducted in 4 <sup>th</sup> quarter.	All Hazyview projects subjects to be reviewed as it might be demarcated under Bushbuckridge Municipality	
Construction of Matsulu Fire Station	Matsulu	27	3,000,000	1,000,000	-	Consultant appointed. Draft drawings	Final Invoice	Date of completion of final designs	1				Draft design drawings completed and submitted to Urban Planning	The design approval took longer than expected	Awaiting Urban Planning to approve the designs

Station	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Installation of Bullet Proof Glass - Nelspruit Testing Centre	Nelspruit	All wards	Non e(Ne w project)	500,000	-	Specifications ready	Appointment letter and Service Level agreement with the service providers	Date of commencement of the installation of bullet proof for Nelspruit Testing Centre	30 June 2012		Bid Specification Committee met on 25 June 2012	Delay in obtaining correct prices due to speciality of the project	Correct prices have been obtained from the Manufacturer
Procurement of Emergency Service Equipments	All wards	All wards	-	2,200,000	2,200,000	Project underway awaiting delivery from abroad	Delivery note	% of Emergency Service Equipment delivered	100%		100%	N/A	N/A
Procurement of Rescue Services Machinery	All wards	1-36	-	533,464	-	There are currently two rescue service machinery. 1 needed for Kanyamazane	Delivery note	Number of Rescue Machinery delivered	1		Bid at Evaluation Committee Level	Non-sitting of bid committees	The machinery will be delivered by June 2013
Upgrade of	White	All	5,000,000	3,500,000	R2,100,000	Service provider is	Inspection	% of completion	80%		80% (Building walls completed)	N/A	N/A

Description	Location	Ward	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
White River Testing Centre	River		0			appointed and already on site		of the White River Testing Centre			and roof work is complete)		

#### Operational Budget

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
PUBLIC SAFETY											
Fire and Disaster Awareness Programmes	111,000	61,000	42,230.07	Planning	Report	Number of Awareness programme completed at Msegwaba	1		Awareness Campaign Completed	N/A	N/A

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## DEPARTMENT: CORPORATE SERVICES

### Achievements:

- The Performance Management framework for non-section 57 employees was completed on time and is ready for consultation at Local Labour Forum level.
- Hardware to the value of R701600.00 rand was procured for the implementation of the Electronic attendance registers installment will be done in accordance with the project plan.
- 86% of Job descriptions were updated and signed. Digital Telephone Cisco VoIP system implemented in most of the offices.
- 354 Appointments finalized
- Most of the Towns are linked via Radio Wireless – for paypoint and municipal services.
- Standardisation of Laptops/ PC / Printers / servers and network equipment rolled out.
- EA signed with Microsoft – provide standardisation on windows & office software for end users and new Exchange server 2010, windows server 2008R2.
- Refurbishment of the ICT/Server room in line with AG requirements- fireproofing, Cabling, Networking, Gas, humidity, temp, lighting, access control-biometric /CCTV.
- Electronic supply chain management system.
- CCTV system – traffic, hotspots, stores and internally.
- Tetra Two way radio system – GPS/AVL - Electrical, traffic, Water, Sewer, Disaster etc. 2010 success, strike court interdict, saps for crime / accident prevention.
- Procurement of laptops and internal ICT training done for section 79 chairpersons.
- Implementation of customer care Contact centre /HOTLINE system–Email, internet, telephone, sms, fax, IVR - most probably the only one in province.
- Virtualisation and consolidation of applications into few servers - VMware.
- 3G and mobile allowance scheme developed and implemented.
- Rollout of license queuing system – pilot for the province (Transport) – running on our servers.
- Standardisation of hardware – Sun & IBM servers, Cisco, proxim, Acer, cannon, HP plotters.
- Situative ICT training centre established in Nelspruit and white river.
- Sms system for account payments – billing.

- Expansion of Prepaid electricity vending channels; Internet and telephone.
- Corporate calendar
- Electronic PC fax (rightfax) system to send/receive faxes from PC.
- ICT internship programme – 4 interns currently.
- Implementation of new Antivirus/antispymware/anti-phishing software security system.
- Upgrading to SQL server 2008 and consolidation of data as part of data warehousing.
- New website, intranet, face book, YouTube and twitter implemented in-house – managed through interns.
- Reduction in misconduct cases
- LLF and EEF meetings are coordinated as per the annual schedule of meetings.
- 555 employees and councillors participated in skills programmes
- 10 new external bursaries and 68 new internal bursaries allocated
- Six learner ship programmes approved to kick start in the new financial year.
- No Fatal injury reported for the year
- Public Address and Emergency Evacuation System installed in the Nelspruit Civic Centre
- New air conditioners installed in the Matsulu Council offices.
- Offices of Troika Members and Mayoral Committee Members refurbished and furniture replaced.

## Challenges

- Slow progress with filling of vacancies.
- Perceived resistance to the electronic attendance system by the workforce.
- Tendering for outsourced ICT services.
- Old ICT systems in use.
- LLF meetings are coordinated as schedule but members do not attend.
- Insufficient budget allocation for bursaries.
- Insufficient budget allocation for medical examinations
- Non achievements of Employment equity targets due the fact that it is dependent of the pool of applications received
- Insufficient funding of office expansion, repair and maintenance related projects and revamp projects.



Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (Current Status of project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Municipality									distributed		

## 2010 LEGACY AND FLAGSHIP PROJECTS

### Introduction

The capital projects are aimed at improving the functionality of the stadium, improved safety and hospitality areas.

### Achievements

The projects that have been completed have already contributed towards the objectives as set out above.

### Challenges

The procurement processes have initially caused delays in finalising projects but as a result of improved processes and cooperation of the Procurement Section the projects will be completed by the next quarter.

### Conclusion

Due to the improved procurement systems project implementation in the 2012/13 financial year should take place with fewer delays.

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Crowd Barriers	R 180 000.00	R 180 000.00	-	Contractor appointed work in process. Material delivered not to specs busy with repairs.	Appointment letters issued.	Safety and operational requirement	100%		40%	Delays in procurement process	Material is presently being manufactured will be installed during the next 60 days
Terrain Lighting	R 630 000.00	R 630 000.00	-	Non-responsive tenders received, project had to be retendered, revised tenders to be adjudicated on 13 July.	Final invoice	Safety and operational requirement	100%		10%	Delays in procurement process. Non-responsive tenderers.	Installation will continue once the tenderer has been appointed by the adjudication committee
Potable PA System	R 36 566.00	R 36 566.00	R 36 566.00	Completed	Equipment on site	Operational requirement	100%		100%	N/A	N/A
Electrical meters	R 66 415.00	R 66 415.00	R 66 415.00	Completed	Equipment on site	Cost efficiency requirement	100%		100%	N/A	N/A

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Epoxy floor paint	R 120 000.00	R 120 000.00	R92 000.00	70% Completed	Visual inspection of painted areas.	Operational requirement	100%		100%	N/A	N/A
Tools for Artisans	R 34 567.59	R 34 567.59	R 34 567.59	Completed	Equipment on site	Operational requirement	100%		100%	N/A	N/A
Automate generators	R 28 194.73	R 28 194.73	R 28 194.73	Completed	Equipment on site	Operational requirement	100%		100%	N/A	N/A
Spare Amplifier	R 32 344.00	R 32 344.00	R 32 344.00	Completed	Equipment on site	Operational requirement	100%		100%	N/A	N/A
Trolleys	R 11 186.00	R 11 186.00	R 11 186.00	Completed	Equipment on site	Operational requirement	100%		100%	N/A	N/A
New vehicle	R 300 000.00	R 0.00	-								
Crockery for kitchen	R 20 000.00	R 20 000.00	-								
Kitchen equipment	R 125 000.00	R 125 000.00	R 125 000.00	Completed	Equipment on site	Operational requirement	100%		100%	N/A	N/A

Referred to 2012/13 Capital Budget

Referred to 2012/13 Capital Budget

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Table cloths and chair covers	R 100 000.00	R 100 000.00	R 100 000.00	Completed	Equipment on site	Operational requirement	100%		100%	Not applicable	Not applicable
Carpets	R 176 750.00	R 176 750.00	-	Re-tendered	Tender notices	Hospitality areas	100%		10%	Tender documentation were not processed in procurement section were apparently never received.	Project will be retendered, Existing specifications to be used.
Furniture	R 600 000.00	R 0.00	-	Referred to 2012/13 Capital Budget							
Civil works (Paving, roads, stormwater) (2010/11:2011/12 Financial years)	R 3 150 000.00	R 3 150 000.00	-	Contractor appointed, work to commence within 14 days		Operational requirement	100%		15%	Delays in the procurement process.	Contractor has 3 month period to complete the work. Issuing of appointment letter to be accelerated.

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Internal signage	R 800 000.00	R 800 000.00	-	Contractor adjudicated, appointment letter to be signed by MM.	Minutes of the Adjudication Committee	Operational requirement	100%			Extent of the project, delays in the procurement process and budget limitations requiring the consultant	Project had to be reduced as a result of budget limitations. Project will be monitored to ensure progress
Road signage	R 250 000.00	R 250 000.00	R 250 000.00	Completed	Signage erected	Traffic safety and directional signage	100%		100% complete	N/A	N/A
Upgrade suites	R 250 000.00	R 250 000.00	R 250 000.00	Completed	Completed additional suites	Additional hospitality areas	100%		100% complete	N/A	N/A
Upgrading of site fencing	R 100 000.00	R 100 000.00	R 90 000.00	Original fencing require maintenance	Physical inspection and final invoice	% of completion of fencing	100%		100% complete	N/A	N/A

# INTERGOVERNMENTAL AND MUNICIPAL INTERNATIONAL RELATIONS

## Introduction

The Unit is responsible for the following:

1. Align and Co-ordinate Intergovernmental Relations (National, Provincial and Local Govt).
2. Coordinate Municipal International Relations.
3. Facilitate internal departmental relations issues with all directorates.
4. Facilitation of Protocol and etiquette programmes

## Achievements

1. Coordination and Planning of the Inauguration of the Executive Mayor.
2. Coordination of the photo session for the councillors.
3. Coordination of Benchmarking exercises (Inbound or Outbound)
  - Inbound visit for the LED Resource Centre (Limpopo Province Municipalities) - Target achieved in the 2nd quarter
  - Outbound visit for the Economic Development Agency in Nelson Mandela Bay Metro – Target achieved in the 2nd quarter.
  - Inbound visit for the LED, Trade and Tourism from Newcastle Municipality- Target achieved in the 2nd quarter.
4. Facilitation and Coordination of International Municipal programmes.
  - Outbound visit to Pakistan for the witness performance test on KSB pumps- Target achieved in the 2nd quarter.
  - Outbound visit to Gabon for AFCON 2012-Target achieved in the 3rd quarter.

## Challenges

1. Internal departments' side lining the IGR & MIR unit when interacting with other spheres of government.
2. Lack of storage for archiving official photos of previous council.

## Conclusion

1. There is a need for filling the vacant post for the IGR officer to be able to accomplish all the unit programs in time.

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Coordination of	700,000	300,000	324,64	Inauguration	Progress	Number of	5		4 (Coordinated and	Coordination of	N/A

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Annual Events for Executive Mayor, Speaker			3.00	n of the Executive Mayor and Council Year-end function were coordinated	report	events Coordinated for the Executive Mayor, Speaker and Municipal Manager's annual calendar	(Inauguration of the Executive Mayor; Council Year-end function; School Uniform event for the Executive Mayors function; Coordination of a Protocol Workshop for councillors And Budget Speech for the Executive Mayor)		Planned the Inauguration of the Executive Mayor; Planned the Council Year end function; Planned the School Uniform Event in Matsulu, Coordinated Budget Speech for the Executive Mayor)	the Protocol Workshop was cancelled	
Strengthening of Intergovernmental and International Relations (IGR&MIR)	100,000	50,000	14,020.00	Coordinate d outbound visit to Pakistan	Council resolution	Date of tabling to Council a report of all existing relations in a form of Memorandum of Understanding and visits (Outbound or Inbound)	30 June 2012		The Memorandum of Understanding is finalised.	The programme of action for the multilateral protocol was not finalised on time	A report of all existing relations in a form of Memorandum of Understanding and visits (Outbound or Inbound) will be tabled to Council in August 2012
					Memorandum of	Number of activities	3		3 [Coordinated the Outbound visits	N/A	N/A

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Coordination and Facilitation of IGR Programmes	100,000	100,000	50,000	2 IGR forums meetings coordinated	Understanding and progress report	coordinated	2 (SDF Forum and IDP Forum)		(Pakistan, Gabon and Matola municipality)]	N/A	N/A
									5 (Coordinated the Spatial Development Framework Forum; IDP and Budget Forum; Municipal Manager's Forum, Executive Mayor's Forum; Premier's Coordinating Forum)		
Corporate Branding of Council Buildings	100,000	100,000	100,000	Branded Jones Street, White River and Nelspruit offices with Official photos and flags (National and Mbombela)	Progress report	Number of municipal offices branded with photos and flags (National and Mbombela)	9 (Jones Street office; White River Office; Nelspruit office; Valencia Library; Nelsville Library, White River Library; Hazyview Offices and Library; White River testing centre; Nelspruit testing centre)		9 (Jones Offices, KaNyamazane, Matsulu, Kabokweni, Hazyview and White river Centre, Valencia Library, Matsulu, Nelsville and Kabokweni Library).	The White River and Nelspruit testing Centres were substituted with Matsulu and Kabokweni Libraries	The White River and Nelspruit testing Centres will be branded by 30 September 2012



# TRANSVERSAL SERVICES

## Introduction

The Department currently consist on one Unit with four components name:

- HIV/ AIDS PROGRAMMES
- Youth Programmes
- Women, children and gender programmes
- Disability and Aged Groups Programme

The mandate is to ensure coordination, facilitation, lobbying, implementation and advocacy on Transversal Services issues

## Achievements:

The municipality, in partnership with stakeholders achieved the following to alleviate challenges faced by child headed households, orphans, elderly people, vulnerable and needy families:

- **Back to school campaign** - handing over of school uniform (150 school uniforms distributed to 3 schools: Funindlela, Sbongile, Sehlulile Primary Schools at Matsulu). Distributed 5 schools uniforms for Khumalo family at Chochocho trust.
- **23 wheelchairs donated by Nelspruit Rotary Club** were handed over to stimulation centre during the first visit of Ma – Ntuli and Executive Mayor's outreach programme
- **Active Power Project (13)** donated 13 wheel chairs which were handed over during the elderly programme held at Mbombela Stadium
- **Handover of clothes donated by Woolworths: Riverside Mall** to Daantjie Orphanage Centre and Sinenhlanhla Stimulation Centre at Nyongane Trust by the Executive Mayor together with the Executive Mayor of Ehlanzeni District Municipality
- **Hand over 20 mattresses from the municipality - 15 mattresses** were donated to Sinenhlanhla Stimulation Centre and 5 to Bamjee Crèche during the Mandela Day together with Ehlanzeni District Municipality

- **15 plastic chairs** from the municipality were donated to Sinenhlanhla Stimulation Centre at Nyongane Trust during the first visit of Ma-Ntuli and the Executive Mayor's Outreach programme
- **1000 blankets donated by Active Power Project** were donated to elderly and beneficiaries in all 39 wards of the municipality – Executive Mayor's outreach programme
- **1000 Blankets from the municipality** were donated to elderly and beneficiaries in all 39 wards of the municipality – Executive Mayor's outreach programme
- Handing over 2250 food parcels and to:
  - child headed families
  - elderly people
  - disaster stricken families
  - needy families during burials
- Conducted 11 March Memorial Lecture on School and Drama Contest
- Conducted Human Rights Celebration
- Conducted International Women's Day Celebration
- Conducted Freedom Celebration
- Conducted Youth Day Celebration
- Assisting on travelling and substance on persons living with disabilities

## Challenges

Insufficient funds to conduct the Hon. Executive Mayor's outreach programmes namely:

- Food parcels
- Blankets
- Transporting beneficiaries

## Conclusion

The department request that in the next final budget sufficient budget be allocated.

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Food parcels	0	50000	R20,000.34	600 food parcels distributed	Attendance register and report	Number of food parcels distributed	100		1250	N/A	N/A
Freedom day	0	10000	R4,000.00	1	Attendance register and report	Number of Freedom Conducted	1		1	N/A	N/A
Human rights day	0	15000	R11, 000	1	Attendance register and report	Number of Human Rights Day Conducted	1		1	N/A	N/A
International women's day	0	15000	R113, 281	1	Attendance register and report	Number of International Women's Day Celebrated	1		1	N/A	N/A
School vacation programme	0	100000	89,700.00	0	Attendance register and report	Number of School Vacation Programme Conducted	2		4	N/A	N/A

## MACRO PLANNING AND POLICY

### Introduction

Micro policy and planning comprise of four units, namely, Integrated Development Planning (IDP), Spatial Development Framework (SDF) & Geographic Information System (GIS), Policy & Research and Monitoring and Evaluation. The directorate is responsible for the strategic planning (IDP), forward planning (SDF), policy & research and organisational performance management of the municipality. The directorate is managing two funded projects in the 2011/12 financial year. The projects are as follows:

- Review of the Spatial Development Framework
- Compilation of the municipal baseline study

## Achievements

The directorate has managed to ensure that the IDP is approved within the prescribed timeframes. Moreover, the 2011/12 IDP has received positive comments from the MEC of Cooperative Government & Traditional Affairs.

With regard to the 2011/12 targets relating to performance management, the unit performed as follows:

- The 2012/2013 SDBIP was approved on 22 June 2012
- The performance management legislative reports that were completed are as follows:
  - 2010/2011 Annual Performance Report
  - 2011/2012 First Quarter Performance Report
  - 2010/2011 Annual report
  - 2011/2012 Mid-year budget and performance assessment
  - 2011/2012 Third Quarter Performance Report

## Challenges

No challenges were experienced with regard to the Spatial Development Framework

The following challenges are experienced with regard to the Baseline Study:

- Some of the households were not surveyed due to the fact that there were no one at the house
- Some of the households threatened the field workers, claiming that the municipality is not doing enough in addressing the problems of water shortages

## Conclusion

The directorate will continue working hard to ensure that targets are achieved within the 2012/13 financial year.

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Spatial Development Framework	-	300,000	293,795.01	80% complete. Public	Council Resolution	% completion of Spatial Development	100% complete		90% complete	The Mayoral Committee requested that those	The meeting with objectors was held on

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
				participation		Framework				who submitted written objections must be invited to the present to the Mayoral Caucus.	22/06/12. The department (Corporate Strategy) is waiting for the Office of the Executive Mayor to confirm the date of the Mayoral Caucus where the final SDF report will be presented to Mayoral Caucus & Councillors before tabled to Council for approval.
Baseline Study	7,100,000	10,016,500.00	10,542,839.74	40% complete. Households survey	Final Baseline Study report	% completion of Baseline Study	100% complete		80% complete	The field work could not be completed due to the non-availability of people in the houses.	The field workers are continuing with the field work. They are now working on weekends when the majority of people are in their homes
Performance Reports	-	-	-	2 performance reports were	Reports submitted for auditing/Council	Number of performance reports	5		5 (Annual Performance Report, First	N/A	N/A

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
				completed.	resolution	completed			Quarter Performance Report, Mid-year budget and performance assessment, Annual Report, Third Quarter Performance Report)		
Development of SDBIP	-	-	-	2011/2012 SDBIP was approved on 27 September 2012	Dated SDBIP	Date of approval of SDBIP	28 June 2012		22 June 2012	N/A	N/A

# RISK MANAGEMENT

## Introduction

The Risk Management Unit consists out of two officials and reports directly to the Municipal Manager. The main focus of risk management is to enhance municipal service delivery by identifying and mitigating risks that would jeopardize the delivery of sustainable and affordable municipal services, if they were to become a reality.

The Risk management strive to assist the municipality in achieving, amongst other things:

- more sustainable and reliable delivery of services;
- informed decisions underpinned by appropriate evaluation and analysis;
- innovation;
- reduced waste;
- prevention of fraud and corruption;
- better value for money through more efficient use of resources; and
- better outputs and outcomes through improved project and programme management.

## Achievements

All the targets set for the 2011/2012 financial year have been reached.

## Challenges

This department is trying its best in resolving the following challenges:

1. Risk management is still not fully embedded into the culture of the municipality.
2. Action plans to mitigate risks should be implemented more successfully by risk and action owners.

## Conclusion

Thanks to the support of all personnel, all objectives have been reached. It is trusted that risk management in the next financial year, will become a better tool for managers in their quest to deliver affordable and sustainable municipal services.

Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Conduct annual Risk assessment	N/A	None	The 2010/2011 risk register was completed	A council resolution and risk register	Compilation of a risk register	Complete a risk register for 2012/2013 Financial year		Risk assessment conducted and updated for 2012/2013 financial year.	N/A	N/A
Update Risk Management Strategy	N/A	None	The 2010/2011 Risk Management Strategy was approved	The approved Risk Management Strategy	Updated and approved Risk Management strategy	Update and approve a Risk Management Strategy		Risk Management strategy updated and approved.	N/A	N/A
Update the Risk Management Implementation Plan	N/A	None	The 2010/2011 Risk Management Strategy was approved	The approved Risk Management Plan	Updated and approved Risk Management Plan	Update and approve a Risk Management Plan		Risk Management implementation plan updated and approved.	N/A	N/A
Update Risk Management Register as per new risk assessment.	N/A	None	The 2010/2011 Risk Management Strategy was approved	A council resolution and risk register	Updated Risk Register and compiled departmental registers.	Complete a risk register for 2011/2012 Financial year		Risk Management Register updated.	N/A	N/A
Establish Risk Management Committee	N/A	None	Number of risk management committees (RMC) established	Minutes of meetings	Minutes of RMC meetings.	Established		Risk Management Committee functional	N/A	N/A
Update Fraud Prevention plan	N/A	None	The 2010/2011 Fraud	Approved Fraud Prevention Plan	Updated and approved Fraud Prevention Plan	Update and approve a Fraud		Fraud prevention plan updated	N/A	N/A



Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
			Prevention Plan was approved			Prevention Plan		and approved.		
Update Risk Management Assurance plan	N/A	None	The 2009/2010 Risk Management Assurance Plan was approved	Approved Risk Management Assurance Plan	Updated and approved Assurance plan	Update and approve a Risk Management Assurance Plan		The Assurance plan was approved in May 2012		
Update Risk Management policy	N/A	None	The 2009/2010 Risk Management Policy was approved	Approved Risk Management Policy	Updated and approved Risk Management policy	Update and approve a Risk Management Policy		Updated and approved Risk Management Policy		
Update Risk Management Charter	N/A	None	The 2009/2010 Risk Management Charter was approved	Approved Risk Management Charter	Updated and approved Risk Management Charter	Update and approve a Risk Management Charter		Updated and approved the Risk Management Policy		
Establish Risk Management Coordinating Committee	N/A	None	1	Attendance register	Number of RMC committee established	1		1		
Develop and implement an event risk management policy	N/A	None	There is no Event Management Policy	Report to Risk Management Committee	Event management policy developed and approved	Develop a report on the measures to be taken in		Only a policy for the regional sport stadium was developed.	The draft events management policy still needs	In Will be achieved in the next financial year

Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
						developing an Event Management Policy in 2011/2012 financial year			to be discussed at a council workshop before finalisation	
Establish a fraud Hotline for Mbombela	N/A	None	No fraud hotline	Report to Council on the establishment of the hotline, with financial implications	Fully operational fraud hotline	Investigate the best way of establishing a fraud hotline		A report was tabled before Council and it was approved. After approval, the Office of the Executive Mayor took over the project.		

# URBAN MANAGEMENT AND DEVELOPMENT

## Introduction

It was imperative that Aerial Photography be updated as the previous photography was taken during 2007 and we had no data whatsoever for Ward 39 (Kruger National Park). Fortunately, this project relating to the Aerial Photography of Mbombela was concluded without any problems or delays.

The Township Establishment – Tekwane South Extension 2, Maggiesdal Township and Coltshill Extension 2 is the first integrated human settlement embarked upon by Mbombela Local Municipality.

## Achievements

The Aerial Photography Bid was concluded on the 31<sup>st</sup> May 2012 and all deliverables were satisfactorily delivered by the Service Providers

In respect of the Integrated Human Settlement project, a service provider was appointed and the initial township layouts have been submitted for consideration and comments by the various municipal departments. Specialists to conduct the Environmental Impact Assessments; Geo-hydrological Reports; Flood Line Studies and Engineering Services Reports have also been appointed. The township establishment applications were linked to the Municipalities Electronic Evaluation System on the 22nd June.

## Challenges

There were fortunately no challenges in respect of the Aerial Photography Bid and the project was concluded 6 months ahead of Schedule.

In terms of the requirements of the Town Planning and Townships Ordinance these townships had to be advertised for public comments and objections on the 22<sup>nd</sup> of June and unfortunately objections have been received. This implies that hearings will have to be arranged for consideration by the Town Planning Tribunal and additional Legal Service Providers must be appointed to conduct the hearings on behalf of the municipality

## Conclusion

The closing date for objections for the Integrated Human Settlement project is Tuesday the 24<sup>th</sup> July and all attempts will be made to have the hearings prioritised. The specialist reports as mentioned above must have been concluded before the item can be taken to the Town Planning Tribunal for consideration.

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Update of Aerial Photography	3,800,000	1,978,200	1,978,200.00	The aerial photography phase of the project of the Entire municipal area including Ward 39 (Portion of KNP) has been concluded. Delivery of the first images is expected to commence by 1 <sup>st</sup> April 2012.	50% of Entire electronic dataset in our possession	% of aerial photography delivered to the municipality.	50%		100% of aerial photography delivered to the municipality by the 31 May 2012		
Township Establishment – Tekwane South Extension 2, Magesdal Township and Colts Hill Extension 2	-	4,700,000	4,700,000	Service providers have been appointed and the Provisional Layouts have been submitted for comments and compilation of the EIA's; Geological reports; Flood line determinations and Engineering Services Reports	Township Establishment Applications have been registered On TEAS	Date of submission of Township Establishment applications	30 June 2012		All applications were registered on TEAS on the 19 <sup>th</sup> June 2012		

## LED, TOURISM & TRADE

### Introduction

Trade Unit is responsible for:

- Providing a conducive environment for informal trade in terms of regulations and provision of infrastructure
  - Issuing of trade permits
  - Enforcement of Street Trading By-laws

LED Unit is responsible for:

- Creating an enabling environment for business to flourish
- Contribute towards poverty alleviation through job creation
- Development of SMMEs and cooperatives
- Development and promotion of tourism
- Investment attraction
- Community skills development
- Market local businesses at no cost to businesses

## Achievements

- Arts and Crafts brochures were printed and delivered
- LED Forums were established
- Tourism ambassador programme trained 45 students; some were absorbed into the labour market
- Land was acquired for the job linkage centre
- 26 barber stalls were purchased
- 138 trade trolleys were distributed
- 600 Street trading By-law booklets were printed and distributed
- Successful hosting of the Economic Development Summit

## Challenges

Inadequate staff complements  
 Delays in supply chain processes  
 Delays in budget allocation during 2011/2012 financial year  
 Land availability to implement certain projects

Description	Location	Ward	Adjustment budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Job linkage	Kanyamazane,	18, 19, 2,	225 000	0	Negotiation	Land	Date of	30 June		June 2012	N/A	N/A

Description	Location	Ward	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
centre	Msogwaba, Kabokweni, Daantjie, ClauClau, Lehawu and Zwelisha	36, 11, 32, 35, 10			ns have taken place Chief, School Governing body and Ward Councillor	ownership and building plans	securing the necessary land and drawing up architectural drawings	2012 (architectural drawings)		(land was secured from Msogwaba tribal authority, architectural drawing completed)		
Interactive Tourism Cultural Centre	Nelspruit	15	2,500,000	1,414,000.00	Municipal owned land identified for project					Requested money to be transferred to the Job linkage centre due to land acquisition challenges		
Building of trade stalls - Kabokweni, Mahushu, Nyongane, Bhekiwayo	Kabokweni, Mahushu, Nyongane, Bhekiwayo	32, 11, 18, 19, 36, 11, 24, 25	1,350,000	-	None	Appointment letter	Date of appointment of contractors to build Trade Stalls	30 June 2012			Delayed by Supply Chain processes	Fast track Supply Chain processes
Purchase barbers stalls	Nelspruit, White River, Hazyview	15, 14, 37, 30, 1, 3	270,000	256,500.00	None	Completion report	Number of Barber stalls purchased and distributed	27		26 barber stalls are purchased, but not yet distributed	The bid amount was enough for 26 units. The stalls were not distributed on time as they were turned back in May 2012 due to certain specifications not met. They were	The barber stalls will be distributed by 31 August 2012

Description	Location	Ward	Adjustment budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
											redelivered on 22 June 2012.	
Supply informal trade trolleys - Hazyview, Matsulu	Matsulu & Hazyview	1, 24	1,080,000	506,273.68	None	Supply informal trade trolleys - Hazyview, Matsulu	Number of Trade trolleys supplied	260		138	The delay was caused by the new regulations for Preferential Procurement Policy Framework Act (PPFA), thus the tender had to be re-advertised	The outstanding 122 trade stalls will be completed by 31 October 2012
Building of trade stalls - Hazyview	Hazyview	1	675000	520,175.42	None	Appointment letter	Date of appointment of contractors to build Trade Stalls	30 June 2012			Delayed by Supply Chain processes	Fast track Supply Chain processes
Trading space for Informal Traders - White River	White River	30	368980	89,800.00	None	Appointment letter	Date of appointment of contractors to build Trade Stalls	30 June 2012			Delayed by Supply Chain processes	Fast track Supply Chain processes
Trade Stalls - Corner Plaston/Karino (Airport)	Plaston	11	270000	-	Mushrooming of trading in the open space	Appointment letter	Date of appointment of contractors to build Trade Stalls	30 June 2012			Delayed by Supply Chain processes	Fast track Supply Chain processes

Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Assistance of 50 SMME's Business Development	150,000	108,599.35	None	Registration certificates	Number of SMME/Cooperatives registered	10		Application forms were completed for the cooperatives but they could not pay the registration fees	Inability and unwillingness of the cooperatives to pay the registration fees	Appoint the service provider who will be assisting these cooperatives with registration and grooming of these entity until they are growing
Feasibility Study on the Development of Shopping Centre at Zwelisha	200,000	0	None	Council resolution	Date of tabling the Feasibility Study on the Development of the Shopping complex at Zwelisha to Council	30 June 2012		Tender was delayed due to re-advertising	Delay in the supply chain processes	The project will not continue in 2012/2013
Feasibility Study on the Development of Shopping Centre at Mpakeni	200,000	0	None	Council resolution	Date of tabling the Feasibility Study on the Development of the Shopping complex at Mpakeni to council	30 June 2012		Tender was delayed due to re-advertising	Delay in the supply chain processes	The project will not continue in 2012/2013
Reprinting of Mbombela Business Portfolio	440 000	100 000	Business Port Folio in place but needs to be reviewed	Delivery note	Date of completion and delivery of Business portfolios	30 June 2012		The service provider is finalising the document	Delay in payment of service providers	Once the service providers are paid, the business portfolios will be delivered
Reprinting and updating of Arts and Crafts Port Folio	250,000	239,400.00	Arts and crafts brochure in place but needs to be reviewed	Delivery note	Number of Arts and Crafts brochures printed	10 000 Crafters portfolio		10 000 crafters portfolio printed and delivered	N/A	N/A
Conduct two product and two skills development	373 999	288,542.34	Baseline information available	Competence certificates	Number of individuals trained in Tourism ambassador programme	45		45	N/A	N/A



Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timetables
workshops										
Informative Economic development website as part of MLM website	0	0	Current MLM website	Functional web portal	Date of including informative LED, Tourism & Trade information on the MLM website	29 February 2012		February 2012	N/A	N/A
Urban Development Zone	0	0	UDZ Map	Newspaper notice and pamphlets	Date of advertising the UDZ to create awareness and encourage building owner to make use of UDZ incentive.	31 December 2011		Pamphlets were delivered and notice for awareness appeared in the paper	N/A	N/A
International Funding agencies - Investment	0	0	list of Funding Agencies	Letter from funding agency (GTZ)	Date of acquiring funding the LED summit	20 January 2012		January 2012 (GIZ assisted MLM with Part funding for the economic summit)	N/A	N/A
Commonwealth Local Government Forum (CLGF) Project	0	0	CLGF Report	Council resolution	Date of submission of a report to Council on CLGF	31 March 2012		17 May 2012	The report did not serve before Council due to postponement of the Council meetings	N/A
LED Forums	0	0	Draft Structure of the LED forums	Attendance register	Number of Local Economic Development Forums meetings held	2		3	N/A	N/A
Visiting our businesses	0	0	SAPPI, MMC, DELTA and Coca Cola	Mini report on the outcome of the meetings	Number of business establishment visited to improve relations with Council	20		20	N/A	N/A

Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
LED Strategy	0	0	2008 LED Strategy	Council resolution	Date of tabling the reviewed draft LED Strategy to Council	30 June 2012		The draft LED Strategy was completed by 30 June 2012	Service provider needed more time to engage stakeholders	The draft LED Strategy will be tabled before Council by 30 September 2012.
Business satisfaction survey	0	0	Business Satisfaction Report	Council resolution	Date of submitting the Business Satisfaction survey results to Council	30 June 2012		Surveys were distributed, there was a very little response	Not enough response to generate report	The project will not continue in 2012/2013
Update and Reprint Visitor Guides	480000	731,132.45	Visitor Guide in place	Delivery note	Date delivery of visitor guides	30 June 2012		Final draft submitted	Late appointment of service provider and awaiting inclusion of AFCON information	Brochures will be delivered in August as the decision was to proceed with the printing with some of the AFCON information.
Update and print Route Maps	300,000	69,266.67	Mbombela map in place	Delivery note	Date delivery of route maps	30 June 2012		Final draft submitted	Late appointment and awaiting inclusion of AFCON information	Brochures will be delivered in August as the decision was to proceed with the printing with some of the AFCON information.
Township Tourism/ Rural Route development	300000	367,812.30	No formal Township Tourism Route in place	Council resolution	Date of tabling a Tourism/ Rural Route development business plan to Council	30 June 2012		Service providers are appointed	Late appointment and underestimate d time frames	Project will be fast tracked by combining with Community Works Programme and will be completed by 30 June 2013
Mbombela	339038	378,372.99	Uncoordinated	Progress report	Date of completion	30 June		Service	Late	Project will be

Description	Adjusted Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator (KPI)	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Annual Cultural Ummemo			Cultural Offerings for tourism		of a draft plan for Annual Tourism explosion event that will be hosted in 2012/2013 financial year	2012		providers are appointed	appointment and sponsorship delays	implemented during the tourism month (September 2012)
Institutional arrangements	0	0	No Local Tourism Association (LTA) established on the eastern axis	Attendance register	Date of establishment of LTA	30 June 2012		No progress	Project dependant on the Township route development	LTA will be established by 30 June 2013
Establish Information centre at the stadium	0	0	No information centre currently at the stadium	Progress report	Date of completion of a feasibility report on establishing Information Office at Mbombela Stadium	30 June 2012		No progress	Project dependant on the Township information route development	The feasibility report on establishing Information Office at Mbombela Stadium will be completed by 30 June 2012
Destination Marketing	0	0	Attended exhibitions in Swaziland		Number of exhibitions attended	2		2	N/A	N/A
Development of pocket size By-law booklet	40,000	37,064.98	Nothing in place	Delivery note	Number of By-law pocket booklets printed	600		600	N/A	N/A
Development of Informal Long term strategy	506 000	443,270.21	Nothing in place	Draft Informal Long term strategy document and delivery note	Date of completion of a draft Informal Long Term strategy	30 June 2012		No progress	Budget re-allocated for the development of the LED Strategy by the Senior Manager	Will request budget during the adjustment budget

# OFFICE OF THE SPEAKER

## Introduction

Community participation is a principle embodied in the Constitution in terms of Section 152 (1) (e), 160 (4) (b), as well as in the national legislation governing Local Government and find expression in the Local Government: Municipal Systems Act, Act 32 of 2000 and Regulations, Local Government: Municipal finance Management Act, White Paper on Local Government. The Systems Act thus makes it clear that communities are an integral part of municipal governance of local government affairs. This embodies the essence of a developmental local government, which the White Paper on Local Government defines as "local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives "

## Achievements

### WARD COMMITTEES SUPPORT FUNCTION

#### Establishment and Election of New Ward committees

Ward councillors with the assistance of the Public Participation embarked on an awareness campaign pertaining to the election of the new ward committees. The election process commenced on 23 July 2011 and finished on 21 August 2011. After the election process has been finalized, the Office of the Speaker embarked on a process of verification of the newly elected ward committees to ensure that the candidates meet the election criteria as provided in the ward committee policy guideline. A consolidated list was advertised for comments and objection and after the deadline all objections were considered accordingly. On 24 November 2011, the final list of ward committees was ratified by Council under Item A (11).

#### Induction Of The New Ward Committees: 12-14 DECEMBER 2011

The induction programme for the new ward committees took place on 12-13 December 2011 in Hazyview. In order to ensure and create a conducive environment for the induction, the ward committees were separated into two group sessions for proper management of the programme. This induction was conducted by provincial department of Co-operative Governance and Traditional Affairs in conjunction with the Office of the Speaker. All ward committee who participated were sworn into office and signed for the code of conduct regulating the conduct of the ward committee during their term of office.

#### Payment Of the Out Of Pocket Expenses to the New Ward Committees

After finalization of the induction, the Office of the Speaker through the Public Participation administered the process of enrolment of the ward committees for the Out of Pocket Expenses as provided in the National Framework pertaining to the Criteria for the Determination of the Out of Pocket

Expenses to ward committee members (Government Gazette No. 32627 of 8 October 2009. The process was finalized in January 2012 and payment to the majority of the ward committees commenced in February 2012 in this regard.

#### **Core Municipal Processes for Ward committees: 2-4 May 2012**

A total of 156 ward committee members were selected to undergo training on core municipal processes. The programme was an initiative from COGTA, out of the 156 nominated to attend the capacity building programme, only 126 participated in the programme. Certificates with the relevant accreditation will be issued to the successful candidates.

#### **Community Based Planning Programme: 14-15 June 2012**

During 2011/12 financial year, funds were made available through the Municipal Improvement Systems Grant for the improvement of the ward participatory system and subsequently a workshop on Community Based Planning was arranged for the Ward Committee Secretaries and Assistant ward committee secretaries. The workshop took place on 14- 15 June 2012.

#### **Establishment of the Ward Committee Secretaries Forum, 4 February 2012**

In order to co-ordinate the ward committee reports and to further create a platform for exchange of ideas amongst the ward committee structures, a Ward Committee Secretaries Forum was established on the 4<sup>th</sup> February 2012. The ward committee secretaries' forum meets on monthly basis.

#### **Implement Core Municipal Processes In Terms Of Community-Based Planning / Integrated Development Planning Review, Budget Consultations,**

- Immediately after the election of the ward committees, a workshop was arranged by the Public and Stakeholder Participation Unit in conjunction with the Corporate Strategy with a view to build capacity to the new ward committees on the Core municipal processes. The workshops took place as follows: 11 October 2011 and 12 October 2012.
- The IDP review took place from 20 October 2011 until 13 November 2011.
- The purpose of the meetings was to report back on the municipality performance and achievements within the 5 years budget cycle (2006-2011). At the same meetings, communities were afforded the opportunity to reprioritize their community needs.
- The Draft IDP/ Budget consultative programme took place from 14 April 2012 until 14 May 2012. To this effect the Ward Committees played a very crucial role to support their Ward Councillors. Council had the final draft IDP and Budget was approved on 31 May 2012.
- The ward committee secretaries also serve on the Integrated Development Planning Forum.
- The IDP Forum met on 17 May 2012 for the purpose of consolidating the inputs and comments received from the various wards during the roll out of the IDP/Budget public participation programme.

## Challenges

- Public and Stakeholder Participation Unit is a very small administrative unit.
- We have vast areas and numerous stakeholders to service with very limited human, financial and other resources.
- Limited financial resources hamper our capacity to implement all our programmes such as, capacity building for our personnel and Ward Committees.
- Inadequate understanding of the governance model makes it difficult for the unit to operate effectively.

## Conclusion

The Office of the Speaker is one of the most critical components of Council. At national level the office of the Speaker as the Political Head of the Legislature represents the separation of powers between the Legislature, Executive and the Judiciary. These are the pillars of the South African democratic dispensation as enshrined in the Constitution Act 108 of 1996. Every effort must be made to render support for the strengthening of this office. As long as this office remains weak at administrative level nothing will ever go right in this Council. The separation of powers between the Executive and Legislature of Council presents an opportunity to realize the strengthening of the office of the Speaker. The Office of the Speaker is faced with critical responsibilities to fulfil going forward. The question of implementing the Presidential Hotline mandate continues to haunt us given the low level of seriousness it enjoys from other internal departments. For example, we find it difficult to get service delivery departments to respond to queries raised through the Presidential Hotline with the requisite urgency. The budget dedicated to the infrastructure for the establishment of the Presidential Hotline is minimal compared to our submission to this effect. Ward Committee and other stakeholder participation work also remains one of the major weak points of the Office of the Speaker and Public Participation.

Description	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2014/2012	Was the set target achieved	Actual Performance for 2014/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Moral Regeneration Movement	300,000	150,000	33,038.76	1MRM festival held from 31 December 2011 Till 01 January 2012	Attendance register	Number of training workshops held to educate ward committees, CDWs, Traditional Council members, School Governing Bodies on moral regeneration	1 training workshop		1 MRM Festival held on 31 December 2011 till 01 January 2012	Inadequate funds to implement workshop	N/A
Capacity Building of Ward	1,500,000	1,000,000	979,084.86	1 induction workshop held in the	Attendance registers	Number of capacity building workshops conducted	5 x capacity building workshop for		5 capacity building workshop for	N/A	N/A

Description	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Committee				2 <sup>nd</sup> quarter	and certificates of competence issued to successful candidates		the ward committees in 2011/2012		the ward committees were held		
Traditional Support Fund	180,000	180,000	105,917.00	Average of 5 Traditional Leaders attend Council meeting	Attendance registers	Number Traditional Leaders attending Council meetings	9		5 Traditional Leaders attend Council meeting, however inconsistent	Failure to roll-out the out of pocket expenses to Traditional Leaders	A consultative meeting to be arranged to motivate Traditional leaders to participate in council activities
Stakeholder Summit	500,000	450,000	423,447.10	1x Speaker's Stakeholder Forum, 5x Zonal Constituency Forums, IDP Representative Forum	Attendance registers Stakeholders' databases	Number of stakeholder forums held, inclusive of all members from various stakeholders	1		1 Speaker's Stakeholder Forum meeting held on 13 April 2012	N/A	N/A
Councilors Induction (Water Indaba)	200,000	180,000	231,149.12	none	Attendance registers	Date of hosting the water indaba to discuss the water challenges	30 June 2012		22 May 2012	N/A	N/A
Language Translation And Interpretation	1,000,000	400,000	301,686.23	Finalised draft language policy	Copies of translated policy available in the	Number of documents translated into Siswati	3 (2011/2012 IDP, Ward committee Policy and Supply Chain Management policy)		1 (IDP)	Inadequate funds	1 document will be translated into Siswati in 2012/2013 financial year

Description	Original budget	Adjusted budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Administrative support to Ward committee meetings	-	-	-	On going	Ward committee reports	Number of ward committee meeting held	234		89	Ward committees were engaged with other issues and failed to meet formally (e.g. dealing with water crisis)	In 2012/2013 financial year, ward committees are envisaged to sit every month.
Community meetings IDP, PMS/ budget consultative meetings	-	-	-	ongoing	Attendance registers	Number of Ward community meetings held	39		124	Include IDP review and draft IDP/ budget consultative meetings	N/A

## LAND REFORM AND AGRICULTURE

### Introduction

The Rural development department has been established in the municipality to provide food security and alleviate poverty. The manner in which poverty levels is to be reduced is through the identification of co-operatives for the different value chains i.e. Poultry, Vegetable and Piggery and the implementation of the Agricultural Development Zone(ADZ) especially in all the areas of Mbombela taking into account that 65% of Mbombela area is mainly Rural with pockets of poverty.



## Achievements

About 200 individuals and 36 co-operatives for Poultry value chain were trained on soft skills, skills that entail business start up, financial management, sourcing of funds to start business and also providing support for the registration of co-operatives with Department of Trade and Industry(DTI) and access to Grant funding. 4 co-operatives have been registered with DTI and off take agreements entered into. Interim co-operatives committee for Poultry has been elected during the training that was conducted at White River Community Hall.

## Challenges

The Rural development department has been without a Senior Manager for a period of 6 months as a result there has been a lot of time that was lost due to the fact that Programs and Projects were approved on the Service Delivery Budget and Implementation Plan (SDBIP) and there was no official to implement the activities as outlined in the SDBIP. There is also an issue of pending of Memorandum of Understanding which should be entered between the MEC for Agriculture and the municipality to outline the programs and projects which should be implemented by the municipality and also the issue of support in terms of funding which department of Agriculture can offer to the municipality.

## Conclusion

The Rural Development department is in the right track in terms of support to co-operatives to venture into business operations in a Rural set up. It is critical to indicate that it is work in progress which needs proper monitoring and support from all stakeholders involved.

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Commercialisation of Subsistence Farming	1,400,000	1,300,000	1,435,908.37	Training of co-operatives has been conducted	EIA Report	Date of completion of Environmental Impact Assessment (EIA) investigation	30 June 2012		EIA Report, 60% completed comments have requested from stake holders	Stakeholders have not yet responded to EIA application process	Submit all comments to Department of Environmental Affairs for approval of the EIA
Roll-Out Of	150,000	150,000	120,840.98	Proposal	Final Report	Date of	30 June		30 June 2012	Time	The study will

Description	Original Budget	Adjustment Budget	Actual budget spent	Baseline (current status of the project)	Means of Verification	Key Performance Indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Comprehensive Rural Infrastructure				from service providers have been requested.		completion of a socio-economic study to determine the types of projects to address unemployment at Mataffin, Alkmaar, Schagen and Ngodwana	2012		(Mataffin and Elandschoek)	constraints	be completed by 30 September 2012
Training Of Smm's Farmers		1,500,000	1,344,024.73	Training not yet conducted	Competence certificates	Number of SMM's farmers trained	170		200 cooperatives were trained in leadership skills	N/A	N/A

## INTERNAL AUDIT

### Introduction

Internal Audit conducted their ongoing and annual reviews with the following aims:

- To gain an understanding of the relevant processes and controls;
- To document system descriptions for various processes in order to enable us to efficiently and effectively conduct the internal audit review;
- To review and appraise the internal controls;
- To report to management any areas of weaknesses or improvement in procedures or control;
- To make recommendations for control enhancement and identify non-compliance with control procedures;

- Assess the progress made in addressing the weaknesses previously reported; and
- Report to the Audit Committee our progress against the approved Internal Audit Plan for the year, particularly highlighting significant matters.

In view of the audit approach for the year, the internal audit planning documents were established in order to determine what internal audit activities are scheduled for the period under review and to help ensure that capacity is created and that qualified audit staff is assigned to the highest priority assignments. The internal audit process applied during 2011/12 period ended 30 June 2012, provided oversight to obtain reasonable assurance regarding management's assertions that objectives outlined in the IDP and SDBIP are achieved especially for effectiveness and efficiency of operations, reliability of financial information, and compliance with laws and regulations.

## Achievements

The unit's achievements are summarised below:

- **Internal Audits**
  - Risk Management Report was translated into a risk based annual internal audit plan
  - Administered five (5) Audit Committee meetings
  - Review audit policy documents or charters
  - Ad-hoc meetings with National Treasury, Provincial Treasury and Auditor-General to share on best practices
  - Undertaken follow up audits from previous A-G and internal Audit reports
  - Completed 95% of the focus areas planned for the financial year period
- **Performance Management System**
  - Undertaken a high level review of organisational score cards for the four quarters
- **Investigations**
  - Completed 100% investigations assigned with outstanding finalisation of criminal investigations from the law enforcement agencies
- Participation in the Provincial Internal Auditors' Forum.

## Challenges

The main challenge insufficient quality was not met:

- The secondment of the Chief Audit Executive to corporate services department which left a vacuum on capacity in terms of personnel and skill

- The reengagement of the Chief Audit Executive on audit matters which incalculated major impairment on Independent and objectivity of the internal audit deliverables since the officials was already embedded as part on management
- An eight months delay in the appointment of consultants to assist the audit department with capacity
- Unavailability of key personnel during audits and investigation

Description	Original budget	Adjustment budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Establishment of a 3-year rolling internal audit strategic plan	-	-	-	A plan was completed in 2009/2010 financial year	Minutes of the Audit committee	Completed 3-year rolling internal audit strategic plan	Complete 3-year rolling internal audit strategic plan		Completed 3-year rolling internal audit strategic plan	N/A	N/A
Establishment and approval of 1-year internal audit operational plan	-	-	-	A plan was completed in 2009/2010 financial year	Minutes of the Audit committee	Establishment and approval of 1-year internal audit operational plan	Establish and approve a 1-year internal audit operational plan		Established and approved a 1-year internal audit operational plan	N/A	N/A
Conducting 100% of ad-hoc investigations as per management requests	-	-	-	100%	Management reports	% of ad-hoc investigations completed as per management requests	100%		100%	N/A	N/A
Review of Internal Audit Charter and Audit Committee Charter	-	-	-	Only the internal audit charter was reviewed and approved	Minutes of the Audit committee	Review of Internal Audit Charter and Audit Committee Charter	Review of Internal Audit Charter and Audit Committee Charter		Reviewed of Internal Audit Charter and Audit Committee Charter	N/A	N/A

Description	Original budget	Adjustment budget	Actual budget spent	Baseline (current status of the project)	Means of verification	Key performance indicator	Annual target for 2011/2012	Was the set target achieved	Actual Performance for 2011/2012	If not achieved, state reason for non-achievement	State plans to address non-achievement and timeframes
Perform quarterly administrative work for Performance Audit Committee and Audit Committee meetings	-	-		3	Minutes of the Audit committee	Number of audit committee meetings arranged	4		5	N/A	N/A
Conduct Internal Audits and compile quarterly report for MM and Audit Committee	-	-		4	Minutes of the Audit committee	Number of Internal Audits quarterly reports completed for MM and Audit Committee	4		3.5 Key audit focus areas relating to Corporate Services department could be audited due to the secondment of the Chief Audit Executive to the said department in an acting capacity.	It is a requirement that an auditor must not audit within a period of one-year all activities in which he/she implemented or involved in the implementation	
Conduct follow-up audit and report on progress made by management in implementation of Auditor-General's recommendation.	-	-		1	Management report	Number of follow-up audits and reports on progress made by management in implementation of Auditor-General's recommendation.	1		1	N/A	N/A

## **7. Conclusion**

The annual report is a tool that will enable the municipality, its stakeholders and communities to assess the municipality's performance against its set targets for the 2011/2012 financial year. There are achievements that were made within the year under review, while the municipality is working hard to improve performance in areas that did not perform well.

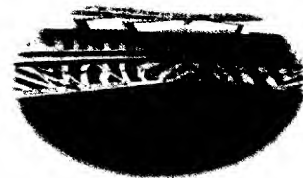
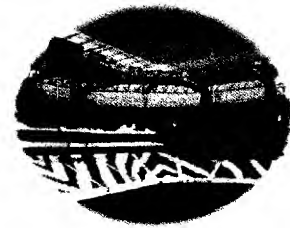
**ANNEXURE A: AUDITED FINANCIAL  
STATEMENTS**



**AUDITED ANNUAL  
FINANCIAL  
STATEMENTS  
FOR THE YEAR  
ENDED  
30 JUNE 2012**

Annexure 525/13  
Item A(3)  
70 pages

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**MBOMBELA LOCAL  
MUNICIPALITY**



# AUDITED ANNUAL FINANCIAL STATEMENTS

for

## **MBOMBELA LOCAL MUNICIPALITY**

for the year ended:

**2012**

Province:

**Mpumalanga**

AFS rounding:

**R (ie. only cents)**

### Contact Information

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**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

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## MBOMBELA LOCAL MUNICIPALITY

### AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### General information

#### Members of the Mayoral Committee & their Portfolios

Cllr LC Dlamini	Executive Mayor
Cllr J Sidell	Speaker
Cllr TM Manana	Chief Whip
Cllr ZM Boroko	Member of Mayoral Committee-City Planning and Development Services
Cllr MS Magagula	Member of Mayoral Committee-Financial Services
Cllr C Maseko	Member of Mayoral Committee- Rural Development, Human Settlement, Agriculture, Land Reform & Traditional Affairs
Cllr PA Mathe	Member of Mayoral Committee-Community Services
Cllr SP Mathonsi	Member of Mayoral Committee-Corporate Services Services & Co-operative Support
Cllr JM Mazibane	Member of Mayoral Committee-Social Services & Community Development
Cllr BN Mdhuli	Member of Mayoral Committee-Vulnerable Groups, Transversal & Special Projects
Cllr FP Nkala	Member of Mayoral Committee-Public Safety, Public Transport, Health & Emergency Services
Cllr BA Zulu	Member of Mayoral Committee-Economic Planning, Development and Environmental Affairs

Councillor	Ward	Councillor	Ward
Cllr S A Mpangane	1	Cllr VL Nzimande	21
Cllr MJ Msibi	2	Cllr ET Mkhabela	22
Cllr MZ Mlumane	3	Cllr MJ Mhaule	23
Cllr KE Maziya	4	Cllr TL Dlodlu	24
Cllr TD Tsela	5	Cllr MC Mhlanga	25
Cllr JM Mazibane	6	Cllr TM Bulunga	26
Cllr L Maseko	7	Cllr MS Mashele	27
Cllr JA Mkhonto	8	Cllr TZ Mhlongo	28
Cllr BA Nyundu	9	Cllr KR Mabuza	29
Cllr MS Mdluli	10	Cllr CJ Marais Pienaar	30
Cllr EM Mutobvu	11	Cllr CN Mnyambo	31
Cllr MC Mafotha	12	Cllr ST Nobela	32
Cllr A Kumba	13	Cllr NS Nyalunga	33
Cllr KM Mkhonto	14	Cllr TN Sifunda	34
Cllr F Lange	15	Cllr PM Nyalunga	35
Cllr CH De kok	16	Cllr JJ Khoza	36
Cllr GC De-Bruin	17	Cllr FJ Zulu	37
Cllr JB Mashaba	18	Cllr OM Thobela Ngwenyama	38
Cllr NW Motubatse	19	Cllr DT Nkosi	39
Cllr TC Simelane	20		

#### Audit and Performance Audit Committee

A C Keyser (Mr)	Chairperson
E Cousins (Mr)	Member
CA Nkuna (Mrs)	Member
RTO Dipone (Mr)	Member

**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**General information**

**Municipal Manager**

Mr X.C Mzobe

**Chief Financial Officer**

Mrs N.T Mthembu

**Grading of Local Authority**

Grade 4

**Auditors**

**Auditor-General South Africa - Mpumalanga**

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**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

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(013) 759 2002

**Website address:**

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**Libraries**

Hazyview  
Kabokweni  
Matsulu  
Nelspruit  
Nelsville  
Victory Park  
White River

(013) 737 7220  
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(013) 759 2077  
(013) 755 4788  
(013) 759 2089  
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Water & Sewerage  
Consumers

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(013) 752 2580  
(013) 759 2025 / 2064

**Paypoints**

White River  
KaNyamazane  
Matsulu  
Kabokweni  
Hazyview  
Nelspruit Civic Centre

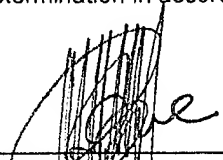
(013) 751 1176  
(013) 794 1254  
(013) 778 9061  
(013) 796 0227  
(013) 737 7346  
(013) 759 2025 / 2064

**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 51, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), other applicable accounting standards and reporting framework approved by the Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. These statements fairly presents the state of affairs of the municipality, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at 30 June 2012.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Co-operative Governance and Traditional Affairs determination in accordance with this Act.

  
\_\_\_\_\_  
Mr X.C. Mzobe  
Municipal Manager  
\_\_\_\_\_  
Mrs N.T. Mthembu  
Chief Financial Officer

DATE:

30/08/12

**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012**

	Note	2012 R	2011 R
<b>ASSETS</b>			
<b>Current assets</b>		<b>141,557,568</b>	<b>147,129,537</b>
Inventories	2	14,880,375	13,991,802
Current portion of receivables	11	64,787	253,847
Trade and other receivables from exchange transactions	3	79,700,885	72,164,674
Other receivables from non-exchange transactions	4	10,071,171	15,057,577
VAT receivable	5	1,048,342	29,888,514
Cash and cash equivalents	6	35,792,008	15,773,123
<b>Non-current assets</b>		<b>5,478,022,562</b>	<b>5,583,795,820</b>
Property, plant and equipment	7	5,115,110,917	5,200,202,844
Intangible assets	8	7,335,534	7,603,396
Investment property carried at cost	9	341,310,086	352,912,930
Non current receivables	11	632,677	479,854
Investments	12	13,633,348	22,596,796
<b>Total assets</b>		<b>5,619,580,130</b>	<b>5,730,925,357</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>587,427,620</b>	<b>499,936,647</b>
Current portion of borrowings	13	15,384,508	13,261,347
Consumer deposits	15	1,835,118	1,834,053
Other current financial liabilities	16	67,675,920	72,455,386
Current portion of unspent conditional grants and receipts	18	158,782,701	128,929,303
Current portion of finance lease liability	14	71,588	159,100
Trade and other payables from exchange transactions	19	340,947,785	280,833,457
Defined benefit plan liability	21	2,730,000	2,464,000
<b>Non-current liabilities</b>		<b>393,423,230</b>	<b>329,814,894</b>
Non-current borrowings	13	202,891,687	175,572,238
Consumer deposits	15	8,327,435	7,853,555
Non-current provisions	17	28,045,628	15,022,308
Deferred revenue	20	5,415,727	6,187,223
Defined benefit plan liability	21	148,742,753	125,107,000
Non-current finance lease liability	14	-	72,570
<b>Total liabilities</b>		<b>980,850,849</b>	<b>829,751,541</b>
<b>Net assets</b>		<b>4,638,729,281</b>	<b>4,901,173,817</b>
<b>NET ASSETS</b>			
Accumulated surplus		4,638,729,281	4,901,173,817
<b>Total net assets</b>		<b>4,638,729,281</b>	<b>4,901,173,817</b>

30/11/2012  
 DATUM/DA

**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2012**

	Note	2012 R	2011 R
<b>Revenue</b>			
Property rates	22	245,816,025	197,864,957
Service charges	23	588,159,210	485,007,966
Finance Income	24	28,019,548	26,353,575
Government grants and subsidies-operating	25	375,143,419	320,683,252
Government grants and subsidies- capital	25	89,510,790	122,032,987
Rental of facilities and equipment	26	16,430,504	26,496,324
Licences and permits		6,748	6,231
Agency fees	27	22,676,006	20,663,295
Fines		2,981,879	3,078,876
Other Revenue	28	39,178,308	42,223,039
<b>Total revenue</b>		<b>1,407,922,437</b>	<b>1,244,410,501</b>
<b>Expenses</b>			
Employee related costs	29	392,418,235	368,951,755
Remuneration of councillors	30	19,301,835	16,952,099
Depreciation and amortisation	31	292,083,473	283,437,194
Bad debts		55,363,845	8,992,990
Finance costs	32	44,463,164	35,869,145
Collection costs		3,920,256	1,524,727
Bulk purchases	33	372,330,359	300,327,516
Contracted services	34	164,816,066	173,853,632
Grants and subsidies paid	35	271,360	271,360
General expenses	36	194,405,349	151,383,282
Repairs and maintenance	37	128,495,730	120,124,182
<b>Total expenses</b>		<b>1,667,869,672</b>	<b>1,461,687,882</b>
Profit / (Loss) on sale of assets	38	(2,497,300)	5,125,757
<b>Surplus (Deficit) for the period</b>		<b>(262,444,536)</b>	<b>(212,151,624)</b>



**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

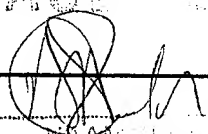
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012**

	Accumulated Surplus	Total: Net Assets
	R	R
Balance 30 June 2010	5,147,643,700	5,147,643,700
Correction of prior period error	(32,630,162)	(32,630,162)
Restated Balance 30 June 2010	5,115,013,538	5,115,013,538
Deficit for the period	(212,151,624)	(212,151,624)
Prior year error adjustments	(1,688,097)	(1,688,097)
Balance at 30 June 2011	4,901,173,817	4,901,173,817
Deficit for the period	(262,444,536)	(262,444,536)
Balance at 30 June 2012	4,638,729,281	4,638,729,281

  
 AUDITOR-GENERAL  
 30/11/2012  
 DAY/MONTH/YEAR

**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

<b>CASH FLOW STATEMENT AS AT 30 JUNE 2012</b>			
	Note	2012 R	2011 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		1,504,361,199	1,383,218,029
Cash paid to suppliers and employees		(1,307,602,212)	(1,126,318,452)
<b>Cash generated from operations</b>	39	<b>196,758,987</b>	<b>256,899,577</b>
Finance Income		28,019,548	26,353,575
Finance costs		(44,463,164)	(35,869,145)
<b>Net cash flows from operating activities</b>		<b>180,315,371</b>	<b>247,384,007</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (Property, Plant and Equipment)		(204,321,081)	(303,342,105)
Purchase of Intangible assets		-	(4,979,959)
Proceeds from disposal of investment property		6,702,940	6,121,347
Proceeds from sale of investments		8,963,447	(10,854,952)
Decrease/ (Increase) in loans and receivables		(152,823)	579,825
<b>Net cash flows from investing activities</b>		<b>(188,807,517)</b>	<b>(312,475,844)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		29,442,610	131,783,574
Deferred revenue		(771,496)	5,418,084
Repayment of finance lease liability		(160,082)	(156,132)
<b>Net cash flows from financing activities</b>		<b>28,511,032</b>	<b>137,045,526</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>20,018,886</b>	<b>71,953,689</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>15,773,122</b>	<b>(56,180,567)</b>
<b>Net cash and cash equivalents at end of period</b>	40	<b>35,792,008</b>	<b>15,773,122</b>

  
 \_\_\_\_\_  
 MANAGER

30/11/2012  
 DATUM/DATE

# MBOMBELA LOCAL MUNICIPALITY

## AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Description	Original Budget	Budget Adjustments (i.e. §28 & §31 Of The MFMA)	Virement (i.e. Council approved virement policy)	Final Budget	Actual	Variance	% Variance	Actual Outcome as a % of original budget
<b>Financial Performance</b>								
Property Rates	239,444,704	246,744,704	-	246,744,704	245,816,025	(928,679)	-0.38%	3%
Service Charges	614,560,500	579,338,216	-	579,338,216	588,159,210	8,820,994	1.52%	4%
Investment Revenue	22,639,939	19,538,939	-	19,538,939	28,019,548	8,480,609	43.40%	24%
Transfers Recognised - Operational	298,622,000	298,996,936	-	298,996,936	375,143,419	76,146,483	25.47%	26%
Other Own Revenue	145,164,231	130,850,592	-	130,850,592	81,273,445	(49,577,147)	-37.88%	-44%
<b>Total Revenue (Excluding Capital Transfers &amp; Contributions)</b>	<b>1,320,431,374</b>	<b>1,275,469,387</b>	<b>-</b>	<b>1,275,469,387</b>	<b>1,318,411,847</b>	<b>42,942,460</b>	<b>3.37%</b>	<b>0%</b>
Employee Costs	385,973,583	386,417,910	152,139	386,570,049	382,418,235	(5,848,185)	-1.51%	2%
Remuneration Of Councillors	18,672,530	18,972,530	-	18,972,530	19,301,835	329,305	1.74%	3%
Debt Impairment	68,318,016	84,181,483	(27,415,005)	56,766,478	55,363,845	(1,402,633)	-2.47%	-19%
Depreciation & Asset Impairment	352,484,388	285,484,388	(62,000,000)	223,484,388	292,083,473	68,599,085	30.70%	7%
Finance Charges	41,467,125	37,429,126	(2,471,952)	34,957,174	44,463,164	9,505,990	27.19%	15%
Materials & Bulk Purchases	357,758,169	366,380,140	55,435,807	421,815,947	411,307,829	(10,508,118)	-2.49%	25%
Other Expenditures	363,125,315	373,740,661	114,503,785	488,644,447	455,428,591	(33,215,856)	-6.80%	25%
<b>Total Expenditure</b>	<b>1,587,799,127</b>	<b>1,552,606,239</b>	<b>78,604,775</b>	<b>1,631,211,014</b>	<b>1,670,366,973</b>	<b>39,155,959</b>	<b>2.40%</b>	<b>5%</b>
<b>Surplus/(Deficit)</b>	<b>(267,367,753)</b>	<b>(277,136,852)</b>	<b>(78,604,775)</b>	<b>(355,741,627)</b>	<b>(351,955,325)</b>	<b>3,786,301</b>	<b>-1.06%</b>	<b>32%</b>
Transfers Recognised - Capital	324,262,296	324,262,100	-	324,262,100	89,510,790	(234,751,310)	-72.40%	-69%
<b>Surplus/(Deficit) After Capital Transfers &amp; Contributions</b>	<b>19,488,543</b>	<b>47,125,248</b>	<b>(78,604,775)</b>	<b>(31,479,527)</b>	<b>(262,444,536)</b>	<b>(230,965,009)</b>	<b>-733.10%</b>	<b>-1447%</b>
<b>Surplus/(Deficit) For The Year</b>	<b>19,488,543</b>	<b>47,125,248</b>	<b>(78,604,775)</b>	<b>(31,479,527)</b>	<b>(262,444,536)</b>	<b>(230,965,009)</b>	<b>-733.10%</b>	<b>-1447%</b>
<b>Capital Expenditure &amp; Funds Sources</b>								
<b>Capital Expenditure</b>								
Transfers Recognised - Capital	347,615,997	324,262,101	(61,299,779)	262,962,322	99,708,398	(163,253,924)	-62.08%	-71%
Public Contributions & Donations	6,300,000	6,300,000	-	6,300,000	2,885,870	(3,414,130)	-54.19%	-54%
Borrowing	70,522,048	43,690,278	-	43,690,278	33,129,804	(10,560,374)	-24.17%	-53%
Internally Generated Funds	212,726,442	161,343,474	(17,104,996)	144,238,478	88,596,909	(75,641,569)	-52.44%	-68%
<b>Total Sources Of Capital Funds</b>	<b>637,164,467</b>	<b>535,595,853</b>	<b>(78,604,775)</b>	<b>457,191,078</b>	<b>204,321,081</b>	<b>(252,869,997)</b>	<b>-55.31%</b>	<b>-68%</b>
<b>Financial Position</b>								
Total current assets	197,336,974	137,965,518	-	137,965,518	141,557,568	3,592,050	2.60%	28%
Total non current assets	5,696,007,017	5,836,159,237	-	5,836,159,237	5,478,022,562	(358,136,675)	-6.14%	-4%
<b>Total Assets</b>	<b>5,893,343,991</b>	<b>5,974,124,755</b>	<b>-</b>	<b>5,974,124,755</b>	<b>5,619,580,130</b>	<b>(354,544,625)</b>	<b>-5.93%</b>	<b>-5%</b>
Total current liabilities	335,803,242	186,381,363	-	186,381,363	587,427,620	401,046,257	215.18%	75%
Total non current liabilities	180,227,002	180,227,002	-	180,227,002	383,423,230	203,196,228	118.29%	118%
<b>Total Liabilities</b>	<b>516,030,244</b>	<b>366,608,365</b>	<b>-</b>	<b>366,608,365</b>	<b>980,850,849</b>	<b>614,242,484</b>	<b>119.03%</b>	<b>90%</b>
Net Assets	5,380,313,747	5,607,516,390	-	5,607,516,390	4,638,729,281	(968,787,109)	-17.28%	-14%
<b>Total Net Assets</b>	<b>5,380,313,747</b>	<b>5,607,516,390</b>	<b>-</b>	<b>5,607,516,390</b>	<b>4,638,729,281</b>	<b>(968,787,109)</b>	<b>-17.28%</b>	<b>-14%</b>
<b>Cash Flows</b>								
Net Cash From (Used) Operating	458,571,426	540,198,153	-	540,198,153	180,315,371	(359,882,782)	-66.62%	-61%
Net Cash From (Used) Investing	(495,465,000)	(508,816,061)	-	(508,816,061)	(188,807,517)	320,008,543	62.89%	62%
Net Cash From (Used) Financing	28,400,000	(4,738,090)	-	(4,738,090)	28,511,032	33,249,122	701.74%	0%
<b>Cash/Cash Equivalents At The Beginning of the Year</b>	<b>94,418,697</b>	<b>15,773,122</b>	<b>-</b>	<b>15,773,122</b>	<b>15,773,122</b>	<b>-</b>	<b>0.00%</b>	<b>-83%</b>
<b>Cash/Cash Equivalents At The Year End</b>	<b>85,925,113</b>	<b>42,417,124</b>	<b>-</b>	<b>42,417,124</b>	<b>35,792,008</b>	<b>(6,625,116)</b>	<b>-15.62%</b>	<b>-58%</b>

Refer to Note 50 for management explanations of significant variances greater than 10%.

**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**1 ACCOUNTING POLICIES**

**1.1 BASIS OF PRESENTATION**

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the Municipality.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 COMPARATIVE INFORMATION**

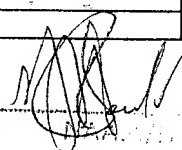
When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been approved but for which effective dates have been determined and have not been early adopted however accounting policies have been developed by the Municipality:

STANDARD ISSUED, EFFECTIVE DATE DETERMINED AND AN ACCOUNTING POLICY DEVELOPED
GRAP 23 Revenue from Non-Exchange Transactions
GRAP 24 Presentation of Budget Information in Financial Statements
GRAP 21 Impairment of non-cash-generating assets
GRAP 26 Impairment of cash generating assets
GRAP 103 Heritage Assets

230

  
30/11/2012  
DATUM/DATE

## 1.5 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (cont.)

The following GRAP standards have been approved but for which effective dates have not been determined and have not been early adopted by the Municipality:

STANDARD ISSUED, EFFECTIVE DATE NOT DETERMINED	STANDARD APPLIED
GRAP 25 Employee Benefits	IAS 19
GRAP 104 Financial Instruments	IAS 39
GRAP 105 Transfers of Function between Entities under Common Control	Not applicable
GRAP 106 Transfers of Function between Entities under Not Common Control	Not applicable
GRAP 107 Mergers	Not applicable

## 1.6 PROPERTY, PLANT AND EQUIPMENT

### 1.6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located. Including import duties and non-refundable taxes.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

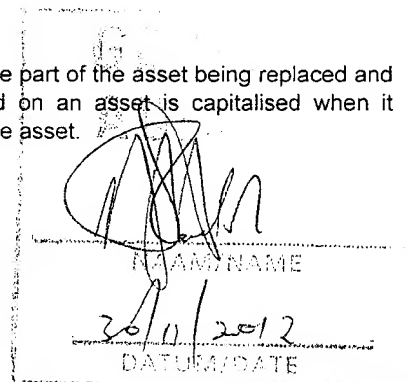
Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### 1.6.2 SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.



## 1.6 PROPERTY, PLANT AND EQUIPMENT (cont.)

### 1.6.3 DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	Useful Lives
Roads and Paving	3-80
Pedestrian Malls	15-30
Electricity	3-50
Water	5-55
Sewerage	10-55
<b>Community</b>	
Buildings	25-30
Recreational Facilities	25-30
Security	10-25
Halls	25-30
Libraries	25-30
Other assets	
<b>Finance lease assets</b>	
Office equipment	3-15
Other assets	2-10
<b>Other</b>	
Buildings	25-30
Specialised vehicles	5-10
Other vehicles	4-7
Office equipment	3-15
Furniture and fittings	5-7
Watercraft	4-7
Bins and containers	5-10
Specialised plant and equipment	2-20
Other items of plant and equipment	2-10
Landfill sites	10-55
Emergency equipment	5-10
Computer equipment	3-5

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

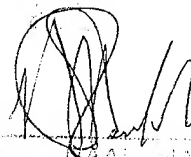
### 1.6.4 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.7 INTANGIBLE ASSETS

### 1.7.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.



## 1.7 INTANGIBLE ASSETS (cont.)

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

The expenditure attributable to the intangible asset during its development can be reliably measured by the Municipality.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

### 1.7.2 SUBSEQUENT MEASUREMENT

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

### 1.7.3 AMORTISATION

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

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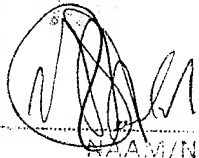
Each item of intangible asset is amortised separately.

Rights consist mainly of servitudes. Rights are not amortised as they have an indefinite useful life. A servitude right is granted to the Municipality for an indefinite period. The life of the servitude will remain in force as the Municipality exercises its rights under such servitudes.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

### 1.7.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

  
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## **1.8 BIOLOGICAL ASSETS**

### **1.8.1 INITIAL RECOGNITION**

Biological assets include fruit plantations and are initially recognised at fair value less costs to sell. Where fair value is indeterminable, biological assets are initially valued at cost.

### **1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Biological assets are valued at fair value at each reporting date. Where fair value is indeterminable, biological assets are depreciated over their estimated useful lives, which are estimated as follows: -  
- Plantations: 30 years

## **1.9 INVESTMENT PROPERTY**

### **1.9.1 INITIAL RECOGNITION**

Investment property includes property (land or a building, or part of a building, or both land or buildings held (by the owner or lessee under a finance lease) to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

### **1.9.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment properties (excluding land) - 15 to 30 years

## **1.10 HERITAGE ASSETS**

A heritage asset is defined as an asset that is held and preserved for cultural, environmental, historical, natural, scientific, technological and artistic significance for the benefit of present and future generations.

### **1.10.1 INITIAL RECOGNITION**

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

### **1.10.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

## **1.11 NON-CURRENT ASSETS HELD FOR SALE**

### **1.11.1 INITIAL RECOGNITION**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.



## 1.11 NON-CURRENT ASSETS HELD FOR SALE (cont.)

### 1.11.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

## 1.12 INVENTORIES

### 1.12.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### 1.12.2. SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

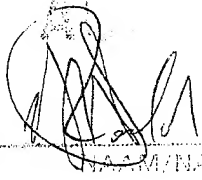
Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

## 1.13 FINANCIAL INSTRUMENTS

### 1.13.1 INITIAL RECOGNITION

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The Municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

  
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## 1.13 FINANCIAL INSTRUMENTS (cont.)

### 1.13.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The Entity classifies its financial assets into the following categories:

- held-to-maturity;
- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.
- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

#### 1.13.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

## 1.13 FINANCIAL INSTRUMENTS (cont.)

### 1.13.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

### 1.13.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

### 1.13.3 IMPAIRMENT

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

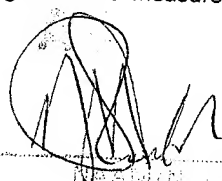
An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

## 1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the Municipality has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

  
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## 1.15 LEASES

### 1.15.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of Operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

### 1.15.2 MUNICIPALITY AS LESSOR

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## 1.16 REVENUE

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

### 1.16.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.


#### Service charges

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and
- The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.



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## 1.16 REVENUE (cont.)

In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

### **Sale of goods**

Revenue from the sale of goods is recognised when substantially all the risks and rewards of ownership of the goods is passed to the consumer.

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

### **Interest, royalties and dividends**

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

### **Agency Services**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

## 1.16.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

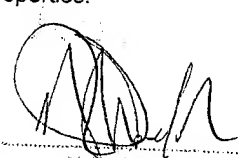
Revenue from non-exchange transactions refers to transactions between one or more parties where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transaction is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

### **Rates (including collection charges and penalty interest)**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income. The rebates granted are deducted from revenue.

Property rates revenue is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

  
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## 1.16 REVENUE (cont.)

### Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

### Public donations and contributions

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, a deferred income (liability) is recognised.

Deferred income relating to government grants are recognised on the following bases:

- Capital contributions to property, plant and equipment: Credited on a systematic basis to the Statement of Financial Performance based on the estimated useful life of the plant and equipment.
- Income-related grants subsidising expenses: Credited to the Statement of Financial Performance as revenue when the related expense is recognised.

Contributed property, plant and equipment is recognised at fair value, when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

### Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

## 1.16.3 GOVERNMENT GRANTS, TRANSFERS AND DONATIONS

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

## 1.17 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

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## 1.18 EMPLOYEE BENEFITS

### 1.18.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the Municipality expected to pay in exchange for that service that had accumulated at the reporting date.

### 1.18.2 Termination Benefits

Termination benefits are recognised when actions have been taken to indicate that the Municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

### 1.18.3 Retirement benefits

The Municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### Defined benefit plans

Defined benefit plans are post-employment benefit plans other than Defined Contribution plans. The defined benefit plans are valued triennially by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Past service costs are recognised immediately where the benefit is vested or are amortised on a straight-line basis over the average period that it will take for such benefits to become vested.

The retirement benefit obligations recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses, unrecognised service cost and the fair value of plan assets. Where an asset results, such asset is limited to unrecognised actuarial losses, past service costs and the present value of available refunds and reductions in future contributions to the plan.

#### Post employment medical care benefits

The Municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

## 1.19 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

#### **1.19 CONSTRUCTION CONTRACTS AND RECEIVABLES (cont.)**

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

#### **1.20 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.21 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.22 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.23 VALUE ADDED TAX (VAT)**

The Municipality accounts for Value Added Tax on the payments basis

#### **1.24 BUDGET INFORMATION**

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

#### **1.25 IMPAIRMENT OF CASH- GENERATING AND NON-CASH GENERATING ASSETS**

The municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets and assets held primarily for service delivery purposes as non- cash generating assets.

Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount or recoverable service amount.



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## 1.25 IMPAIRMENT OF CASH- GENERATING AND NON-CASH GENERATING ASSETS (cont.)

The municipality assesses at each reporting date whether there is any indication that cash and non-cash generating assets may be impaired. If any such indication exists, the recoverable amount or recoverable service amount of the asset is determined in order to establish the extent of impairment loss (if any).

Intangible assets with an indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing its carrying amount with its recoverable amount or recoverable service amount. This impairment test is performed annually at the same time every period and when there is an indication for impairment.

Where it is not possible to estimate the recoverable amount of an individual cash generating asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined. Cash generating units shall be identified consistently from period to period for the same asset or types of assets, unless the change is justified.

The recoverable amount of a cash generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

The recoverable service amount of a non-cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the remaining service potential of the asset and is determined using the most appropriate approach of the depreciated replacement cost, restoration cost or service units approach.

The discount rate used is a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows has not been adjusted.

If the recoverable amount or recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount or recoverable service amount. An impairment loss is recognised immediately in surplus or deficit to the Statement of Financial Performance. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount or recoverable service amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in surplus or deficit to the Statement of Financial Performance. Any impairment loss reversal of a revalued asset is treated as a revaluation increase.


## 1.26 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts of property, plant and equipment
- Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
- Present value of defined benefit obligation
- Fair value of plan assets
- Provision for doubtful debts
- Impairment of assets
- Provision for long-term service award

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the Municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Impairment of assets
- Provisions

  
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**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**2 INVENTORIES**

Opening balance of inventories:  
Consumable stores - at cost  
Maintenance materials - at cost  
Spare parts - cost  
Medicines- at current replacement cost  
Water - cost  
Additions:  
Consumable stores  
Maintenance materials  
Spare parts  
Medicines  
Water  
Issued (expensed):  
Consumable stores  
Maintenance materials  
Spare parts  
Medicines  
Water  
Closing balance of inventories:  
Consumable stores - at cost  
Maintenance materials - at cost  
Spare parts - cost  
Medicines- at current replacement cost  
Water - cost

	2012	2011
	R	R
Opening balance of inventories:	13,991,802	14,564,715
Consumable stores - at cost	1,424,550	1,588,961
Maintenance materials - at cost	3,858,960	5,113,372
Spare parts - cost	8,437,871	7,759,225
Medicines- at current replacement cost	193,185	66,060
Water - cost	77,236	37,097
Additions:	77,367,763	49,090,150
Consumable stores	4,589,055	4,027,803
Maintenance materials	16,913,106	11,998,713
Spare parts	12,886,264	6,896,876
Medicines	2,572,286	2,276,294
Water	40,407,052	23,890,464
Issued (expensed):	76,479,190	49,663,063
Consumable stores	4,363,079	4,192,214
Maintenance materials	15,614,418	13,253,125
Spare parts	13,577,431	6,218,230
Medicines	2,532,292	2,149,169
Water	40,391,970	23,850,325
Closing balance of inventories:	14,880,375	13,991,802
Consumable stores - at cost	1,650,526	1,424,550
Maintenance materials - at cost	5,157,648	3,858,960
Spare parts - cost	7,746,704	8,437,871
Medicines- at current replacement cost	233,179	193,185
Water - cost	92,318	77,236

**3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**Trade Receivables as at 30 June 2012**

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
Rates	113,805,818	99,376,606	14,429,212
Electricity	52,285,200	11,964,943	40,320,257
Water	22,457,170	17,809,666	4,647,504
Sewerage	10,643,773	8,210,528	2,433,245
Refuse	78,030,974	65,546,936	12,484,038
Interest on arrears	84,572,912	83,672,384	900,528

**Total trade receivables**

361,795,847

Other

33,190,452

**Total Trade and other receivables**

394,986,299

**Trade Receivables as at 30 June 2011**

Rates	97,553,837	83,295,376	14,258,461
Electricity	47,116,607	13,666,467	33,450,140
Water	20,080,001	15,746,847	4,333,154
Sewerage	10,014,785	7,704,005	2,310,780
Refuse	68,201,410	57,214,837	10,986,573
Interest	79,987,967	79,157,879	830,088

**Total trade receivables**

322,954,607

Other consumer related receivable

35,486,178

**Total Trade and other receivables**

358,440,785

Total: Ageing  
Current (0 - 30 days)  
31 - 60 Days  
61 - 90 Days  
91 - 120 Days  
121 - 365 Days  
+365 Days  
Total

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	2012	2011
	R	R
Current (0 - 30 days)	60,097,712	53,406,935
31 - 60 Days	13,755,033	12,114,637
61 - 90 Days	11,157,699	9,830,529
91 - 120 Days	9,478,576	8,317,805
121 - 365 Days	53,569,717	55,249,949
+365 Days	246,927,562	219,520,931
Total	394,986,299	358,440,785

**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	R	R
<b>3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)</b>		
<b>Rates: Ageing</b>		
Current (0 – 30 days)	13,965,528	13,687,743
31 - 60 Days	4,907,486	4,172,091
61 - 90 Days	4,383,070	3,500,112
91 - 120 Days	3,797,885	3,147,521
121 - 365 Days	22,658,410	21,085,223
+365 Days	64,093,439	51,961,148
<b>Total</b>	<b>113,805,818</b>	<b>97,553,837</b>
<b>Electricity: Ageing</b>		
Current (0 – 30 days)	35,265,820	28,009,268
31 - 60 Days	4,019,475	3,725,307
61 - 90 Days	2,382,245	1,714,456
91 - 120 Days	1,685,260	1,419,558
121 - 365 Days	4,088,244	4,666,139
+365 Days	4,844,156	7,581,879
<b>Total</b>	<b>52,285,200</b>	<b>47,116,607</b>
<b>Water: Ageing</b>		
Current (0 – 30 days)	1,772,597	1,649,472
31 - 60 Days	720,349	599,324
61 - 90 Days	741,549	569,174
91 - 120 Days	722,414	457,567
121 - 365 Days	3,577,348	3,433,844
+365 Days	14,922,913	13,370,620
<b>Total</b>	<b>22,457,170</b>	<b>20,080,001</b>
<b>Sewerage: Ageing</b>		
Current (0 – 30 days)	1,183,505	1,110,052
31 - 60 Days	394,981	308,128
61 - 90 Days	330,214	316,620
91 - 120 Days	207,362	227,221
121 - 365 Days	1,425,411	1,589,210
+365 Days	7,102,300	6,463,554
<b>Total</b>	<b>10,643,773</b>	<b>10,014,785</b>
<b>Refuse: Ageing</b>		
Current (0 – 30 days)	3,671,709	3,254,488
31 - 60 Days	1,634,248	1,541,849
61 - 90 Days	1,436,846	1,524,220
91 - 120 Days	1,331,982	1,266,769
121 - 365 Days	9,614,311	10,041,287
+365 Days	60,341,878	50,572,797
<b>Total</b>	<b>78,030,974</b>	<b>68,201,410</b>
<b>Interest: Ageing</b>		
Current (0 – 30 days)	1,745,930	1,698,689
31 - 60 Days	1,682,901	1,534,521
61 - 90 Days	1,614,206	1,593,446
91 - 120 Days	1,575,952	1,561,469
121 - 365 Days	11,145,002	12,327,635
+365 Days	66,808,921	61,272,207
<b>Total</b>	<b>84,572,912</b>	<b>79,987,967</b>
<b>Other: Ageing</b>		
Current (0 – 30 days)	2,492,623	3,997,223
31 - 60 Days	395,593	233,417
61 - 90 Days	269,569	612,501
91 - 120 Days	157,721	237,700
121 - 365 Days	1,060,991	2,106,611
+365 Days	28,813,955	28,298,726
<b>Total</b>	<b>33,190,452</b>	<b>35,486,178</b>

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**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011	
	R	R	
3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)			
<u>Summary of Debtors by Customer Classification</u>	Residential	Industrial / Commercial	Government
	R	R	R
30 June 2012			
Current (0 – 30 days)	32,422,703	25,106,475	2,568,533
31 - 60 Days	9,108,969	3,940,716	705,347
61 - 90 Days	8,100,016	2,486,262	571,422
91 - 120 Days	6,719,273	2,414,171	345,132
121 - 365 Days	42,439,777	10,505,191	624,748
+365 Days	206,460,858	39,303,737	1,162,969
Total debtors by customer classification	305,251,596	83,756,552	5,978,151

	Residential	Industrial / Commercial	Government
	R	R	R
30 June 2011			
Current (0 – 30 days)	28,186,411	23,276,657	1,943,865
31 - 60 Days	8,274,115	3,100,077	740,445
61 - 90 Days	6,907,826	2,216,382	706,321
91 - 120 Days	6,196,475	1,756,871	364,459
121 - 365 Days	42,005,240	11,974,111	1,270,601
+365 Days	179,863,560	38,690,171	967,198
Total debtors by customer classification	<u>271,433,627</u>	<u>81,014,269</u>	<u>5,992,889</u>

Reconciliation of the impairment provision

Balance at beginning of the year	286,276,111	277,895,516
Contributions to provision	55,363,845	8,992,990
Impaired debtors written off against provision	(26,354,542)	(612,395)
Balance at end of year	<u>315,285,414</u>	<u>286,276,111</u>

**4 OTHER RECEIVABLES FROM NON - EXCHANGE TRANSACTIONS**

Financial	10,071,171	12,767,393
Conditional Grants	2,539,766	10,906,774
Deposits	535,129	180,587
Interest Received	1,390	1,390
Sundry debtors	5,140,397	-
Mbombela Stadium Management	1,151,507	788,208
Suspense Account	702,981	890,434
Non Financial	-	2,290,184
Payments made in advance	-	2,290,184
Total Other receivables from non- exchange transactions	<u>10,071,171</u>	<u>15,057,577</u>

**5 VAT RECEIVABLE**

VAT receivable	<u>1,048,342</u>	<u>29,888,514</u>
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**6 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

Cash at bank	35,469,772	15,334,465
Operating account	270,801	390,173
Cash on hand	51,435	48,485
	<u>35,792,008</u>	<u>15,773,123</u>

Shown on the Statement of Financial Position as: -  
Cash and cash equivalents

35,792,008	15,773,122
<u>35,792,008</u>	<u>15,773,122</u>


**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	R	R
<b>6 CASH AND CASH EQUIVALENTS (cont.)</b>		
The Municipality has the following bank accounts: -		
<b>Current Account (Primary Bank Account)</b>		
Bank: ABSA Nelspruit		
Account Number: 40-5321-5785		
Cash book balance at beginning of year	6,092,417	(82,045,108)
Cash book balance at end of year	30,451,508	6,092,417
Bank statement balance at beginning of year	17,921,207	21,807,841
Bank statement balance at end of year	30,309,220	17,921,207
<b>Spiral Plan</b>		
Bank: ABSA Nelspruit		
Account Number: 90-6703-3766		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	4,385	4,283
Bank statement balance at end of year	4,443	4,385
<b>Saving Account</b>		
Bank: ABSA Nelspruit		
Account Number: 90-6916-6741		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	1,162	1,223
Bank statement balance at end of year	1,086	1,162
<b>Cheque Account (Housing)</b>		
Bank: ABSA Nelspruit		
Account Number: 40-5414-9088		
Cash book balance at beginning of year	396,632	396,322
Cash book balance at end of year	-	396,322
Bank statement balance at beginning of year	396,322	396,322
Bank statement balance at end of year	-	396,322
<b>Cheque Account (Capital)</b>		
Bank: ABSA Nelspruit		
Account Number: 10-7016-6603		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
<b>Call Account (Water Deposits)</b>		
Bank: ABSA Nelspruit		
Account Number: 90-6983-8617		
Cash book balance at beginning of year	556,713	554,864
Cash book balance at end of year	557,271	556,713
Bank statement balance at beginning of year	556,713	556,864
Bank statement balance at end of year	557,271	556,713

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**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	R	R
<b>6 CASH AND CASH EQUIVALENTS (cont.)</b>		
<b>Call Account (Grant Funding)</b>		
Bank: ABSA Nelspruit		
Account Number: 90-6983-9003		
Cash book balance at beginning of year	88,351	88,005
Cash book balance at end of year	88,440	88,351
Bank statement balance at beginning of year	88,351	88,005
Bank statement balance at end of year	88,440	88,351
<b>Call Account (Service Contribution)</b>		
Bank: ABSA Nelspruit		
Account Number: 90-7568-1173		
Cash book balance at beginning of year	7,390,361	10,866,451
Cash book balance at end of year	3,096,923	7,390,361
Bank statement balance at beginning of year	5,141,064	9,558,538
Bank statement balance at end of year	2,200,184	5,141,064
<b>Call Account (Taxi Disaster)</b>		
Bank: ABSA Nelspruit		
Account Number: 91-2727-3547		
Cash book balance at beginning of year	26,848	26,667
Cash book balance at end of year	26,981	26,848
Bank statement balance at beginning of year	26,667	26,667
Bank statement balance at end of year	24,133	26,848
<b>Call Account (2010 Soccer World Cup)</b>		
Bank: ABSA Nelspruit		
Account Number: 40-6718-4081		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
<b>Call Account (2010 Soccer World Cup)</b>		
Bank: ABSA Nelspruit		
Account Number: 40-6774-2380		
Cash book balance at beginning of year	5	2,357
Cash book balance at end of year	-	5
Bank statement balance at beginning of year	-	2,357
Bank statement balance at end of year	-	-
<b>Call Account (Mbombela 2010 Host City)</b>		
Bank: ABSA Nelspruit		
Account Number: 40-7502-7970		
Cash book balance at beginning of year	4,741	1,933,465
Cash book balance at end of year	4,911	4,741
Bank statement balance at beginning of year	4,755	1,933,465
Bank statement balance at end of year	4,911	4,755

  
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**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**6 CASH AND CASH EQUIVALENTS (cont.)**

**Call Account (Mbombela 2010 Fan Park Operator)**

Bank: ABSA Nelspruit

Account Number: 40-7611-2661

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

**Cheque Account (White River Disaster Fund)**

Bank: ABSA Nelspruit

Account Number: 40-5141-9472

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

**Cheque Account (Mbombela Conditional Grants)**

Bank: ABSA Nelspruit

Account Number: 40-7804-8048

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

**Call Account (Lottery Distribution Trust Fund Mbombela)**

Bank: ABSA Nelspruit

Account Number: 40-6858-1426

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

**Cheque Account (Stadsraad van NST)**

Bank: ABSA Nelspruit

Account Number: 10-7000-0209

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

**Credit Card**

Bank: ABSA Nelspruit

Account Number: 4550-1900-2824-5012

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

2012	2011
R	R

1,019	420,187
1,055	1,019

1,022	420,187
1,055	1,022

22,816	22,816
22,816	22,816

25,521	25,114
25,830	25,521

-	-
50,038	-

-	-
-	-

1,151,339	1,128,966
1,169,830	1,151,339

1,151,339	1,128,966
1,169,830	1,151,339

-	-
-	-

-	-
-	-

-	-
-	-

-	(30)
-	-

30/11/2012

2012	2011
R	R

**Fleet Card**  
Bank: ABSA Nelspruit  
Account Number: 7082-8310-0011-1728

100

\_\_\_\_\_ (18,632)

Bank: Nedbank , Domestic Treasury  
Account Number: 03 / 7881030909 / 000003

12,402,982	11,741,844
13,065,385	12,402,982

12,402,982	11,741,844
13,065,385	12,402,982

**Fixed Deposit**  
Bank: ABSA Nelpruit  
Account Number: 20-7075-3384

10,193,814	-
567,963	10,193,814

10,193,814	-
567,777	10,193,814

**Cheque Account**  
Bank: ABSA, Prime Link Account  
Account Number: 40-6653-7243


390,171	12,254
270,801	390,171

390,171	12,254
270,801	390,171

Petty Cash  
Total cash on hand

51,435	48,485
<u>51,435</u>	<u>48,485</u>

year

  
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30/11/2012

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**MBOMBELA LOCAL MUNICIPALITY**  
**UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**7 PROPERTY, PLANT AND EQUIPMENT**

Reconciliation of Carrying Value 30 June 2012		Land & Buildings		Infrastructure		Community		Leased Assets		Other Assets		Total	
		R		R		R		R		R		R	
Carrying values at beginning of the year		565,862,077		3,242,020,903		1,268,811,466		209,707		123,298,691		5,200,202,844	
Cost		611,920,558		4,102,946,520		1,357,837,781		444,086		202,794,254		6,275,943,199	
Accumulated depreciation and impairment losses		(46,058,481)		(860,925,617)		(89,026,315)		(234,379)		(79,495,563)		(1,075,740,355)	
Acquisitions		16,705,404		157,654,699		2,469,644		-		27,491,334		204,321,081	
Capital under Construction		11,902,894		31,372,975		656,891		-		27,491,334		71,424,093	
Depreciation		4,802,511		126,281,724		1,812,753		-		-		132,896,987	
Impairment loss		(6,324,941)		(190,701,852)		(72,549,709)		(148,029)		(17,721,427)		(287,445,957)	
Carrying value of disposals		(1,967,051)										(1,967,051)	
Cost		-		-		-		-		-		-	
Accumulated depreciation and impairment losses		-		-		-		-		-		-	
Carrying values at the end of the year		574,275,490		3,208,973,750		1,198,731,402		61,678		133,068,598		5,115,110,917	
Cost		628,625,962		4,260,601,219		1,360,307,425		444,086		230,285,588		6,480,264,280	
Accumulated depreciation and impairment losses		(54,350,472)		(1,051,627,469)		(161,576,024)		(382,408)		(97,216,990)		(1,365,153,363)	
Reconciliation of Carrying Value 30 June 2011		563,542,873		3,181,900,097		1,327,530,142		357,736		113,692,248		5,187,023,096	
Carrying values at beginning of the year		604,275,060		3,856,749,627		1,333,197,301		444,086		178,594,421		5,973,260,495	
Correction of prior year error		(405,237)				8,796,562				459,795		8,851,121	
Accumulated depreciation and impairment losses		(40,326,950)		(674,849,530)		(14,463,721)		(86,350)		(65,361,968)		(795,089,519)	
Acquisitions		8,561,088		246,196,893		15,843,918		-		23,740,038		294,341,937	
Capital under Construction		7,512,371		73,018,983		13,180,949		-		23,740,038		117,452,341	
Depreciation		1,048,717		173,177,910		2,662,969		-		-		176,889,596	
Carrying value of disposals		(5,326,294)		(186,076,087)		(74,562,594)		(148,029)		(14,133,595)		(280,246,599)	
Cost		915,590		-		-		-		-		915,590	
Accumulated depreciation and impairment losses		915,590		-		-		-		-		915,590	
Carrying values at the end of the year		565,862,077		3,242,020,903		1,268,811,466		209,707		123,298,691		5,200,202,844	
Cost		611,920,558		4,102,946,520		1,357,837,781		444,086		202,794,254		6,275,943,199	
Accumulated depreciation and impairment losses		(46,058,481)		(860,925,617)		(89,026,315)		(234,379)		(79,495,563)		(1,075,740,355)	

Refer to Appendix B for more detail on property, plant and equipment

**MBOMBELA LOCAL MUNICIPALITY**  
**UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**8 INTANGIBLE ASSETS**

**Reconciliation of carrying value  
30 June 2012**

	Computer Software R	Servitudes R	Total R
<b>Carrying values at beginning of the year</b>	<b>3,012,828</b>	<b>4,590,568</b>	<b>7,603,396</b>
Cost	7,124,915	4,590,568	11,715,483
Accumulated amortisation and impairment losses	(4,112,087)	-	(4,112,087)
Under construction	-	-	-
Acquisitions	-	-	-
Amortisation	(267,862)	-	(267,862)
<b>Carrying values at the end of the year</b>	<b>2,744,966</b>	<b>4,590,568</b>	<b>7,335,534</b>
Cost	7,124,915	4,590,568	11,715,483
Accumulated amortisation and impairment losses	(4,379,949)	-	(4,379,949)

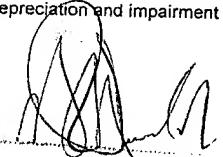
**Reconciliation of carrying value  
30 June 2011**

	Computer Software R	Servitudes R	Total R
<b>Carrying values at beginning of the year</b>	<b>831,824</b>	<b>2,670,909</b>	<b>3,502,733</b>
Cost	4,721,615	2,013,909	6,735,524
Accumulated amortisation and impairment losses	(3,889,791)	-	(3,889,791)
Under construction	1,913,737	-	1,913,737
Acquisitions	489,563	2,576,659	3,066,222
Amortisation	(222,296)	-	(222,296)
<b>Carrying values at the end of the year</b>	<b>3,012,828</b>	<b>4,590,568</b>	<b>7,603,396</b>
Cost	7,124,915	4,590,568	11,715,483
Accumulated amortisation and impairment losses	(4,112,087)	-	(4,112,087)

**9 INVESTMENT PROPERTIES**

**Reconciliation of carrying value**

	2012 R	2011 R
<b>Carrying values at beginning of the year</b>	<b>352,912,930</b>	<b>355,881,230</b>
Cost	362,079,325	410,639,325
Correction of error	-	(48,560,000)
Accumulated depreciation and impairment losses	(9,166,395)	(6,198,095)
Depreciation	(2,402,604)	(2,968,300)
Disposal	9,200,240	-
Cost	11,101,968	-
Accumulated depreciation	1,901,728	-
<b>Carrying values at the end of the year</b>	<b>341,310,086</b>	<b>352,912,930</b>
Cost	350,977,357	362,079,325
Accumulated depreciation and impairment losses	(9,667,271)	(9,166,395)

  
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**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**11 NON - CURRENT RECEIVABLES**

Housing selling scheme loans  
Impairment  
Short-term Portion  
Total Non - Current Receivables

2012                      2011

R                              R

4 641 169	4 799 545
3 943 705	4 065 844
64 787	253 847
632 677	479 854

**12 INVESTMENTS**

Held to maturity Investments

Fixed Deposits  
Less Fixed Term portion  
Total Held to Maturity Investments

13 633 348	22 596 796
------------	------------

13 633 348	22 596 796
------------	------------

A call deposit amounting to R10 172 444 has been invested with Nedbank Bank as security for a loan of R22 000 000 at DBSA

**13 BORROWINGS**

Local Registered Stock Loans  
Annuity Loans

3 000	3 000
-------	-------

218 273 195	188 830 585
-------------	-------------

218 276 195	188 833 585
-------------	-------------

Less : Current portion transferred to current liabilities  
Local Registered Stock Loans  
Annuity Loans

15 384 508	13 261 347
------------	------------

3 000	3 000
-------	-------

15 381 508	13 258 347
------------	------------

Total Non-Current borrowings

202 891 687	175 572 238
-------------	-------------

Refer to Appendix A for more details on borrowings.

Certain investments have been pledged as security for borrowings as indicated in note 12.

**14 FINANCE LEASE LIABILITY**

30 June 2012

Amounts payable under finance leases

Within one year  
Within two to five years

Minimum lease  
payment

Future finance  
charges

Present value  
Present value of  
minimum lease  
payments

R

R

R

73 750

2 162

71 588

73 750

2 162

71 588

Less: Amount due for settlement within 12 months (current portion)

71 588

**14 FINANCE LEASE LIABILITY (cont.)**

30 June 2011

Amounts payable under finance leases

Within one year  
Within two to five years

Minimum lease  
payment

Future finance  
charges

Present value of  
minimum lease  
payments

R

R

R

178 395

19 296

159 100

74 796

2 226

72 570

253 191

21 522

231 670

Less: Amount due for settlement within 12 months (current portion)

159 100

72 570

The average lease term is 3-5 years and the average effective borrowing rate is 12%. Interest rates are fixed at the contract date. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	R	R
<b>15 CONSUMER DEPOSITS</b>		
<b>NON-CURRENT</b>		
Electricity and Water		
Accrued interest	8 327 435	7 853 555
<b>CURRENT</b>		
Electricity and Water		
Accrued interest	1 835 118	1 834 053
<b>Total consumer deposits</b>	<u>10 162 553</u>	<u>9 687 608</u>
No interest is paid on consumer deposits. The nominal value of consumer deposits is (2011: R 17 633 018)		
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<u>889 274</u>	<u>1 662 410</u>
<b>16 OTHER CURRENT FINANCIAL LIABILITIES</b>		
Consumer debt - Vat Liability	23 143 916	19 764 293
Service contributions: Water	3 682 639	3 442 740
Service contributions: Sewerage	1 863 643	1 837 220
Sundry Deposits	909 507	728 541
Amounts paid in advance	30 622 693	31 991 946
Suspense accounts	7 453 523	14 690 646
<b>Total Other Liabilities</b>	<u>67 675 920</u>	<u>72 455 386</u>
<b>17 PROVISIONS</b>		
Provision for rehabilitation of landfill sites	21 648 000	10 112 345
Provision for long-service awards	6 397 628	4 909 963
<b>Total Provisions</b>	<u>28 045 628</u>	<u>15 022 308</u>

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the obligation to rehabilitate the landfill sites using a fair value rate of 11% per annum.

The long-service award is payable after every 5 years of continuous service. The provision is an estimate of the long-service based on historical staff turnover and has been determined by an actuary.

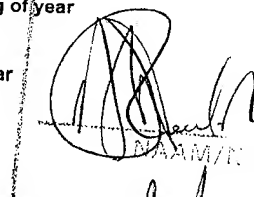
The movement in the non-current provision is reconciled as follows: -

**Provision for rehabilitation of landfill sites:**

Balance at the beginning of year	10 112 345	9 460 964
Increase in Asset/Liabilities due to Change in Provision Estimate	9 390 357	-
Increase in provision due to discounting	2 145 297	651 381
Balance at the end of year	<u>21 648 000</u>	<u>10 112 345</u>

**Provision for long-service awards:**

Balance at the beginning of year	4 909 963	3 915 078
Contributions to provision	1 677 000	1 235 000
Expenditure incurred	(189 335)	(240 115)
Balance at the end of year	<u>6 397 628</u>	<u>4 909 963</u>

  
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**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
<b>18 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
Unspent Conditional Government Grants-Capital		
Municipal Infrastructure Grant (MIG)	145 943 077	117 837 916
Department of Water Affairs and Forestry (DWAF)	140 860 622	96 797 476
Integrated National Electrification Programme Grant (INEP)	1 703 964	5 225 189
Department of Housing	1 241 511	4 302 402
Electricity Demand Side Management Grant (DME)	-	5
Neighbourhood Development Partnership Grant (NDPG)	-	5 130 318
Information and Communications Technology (ICT) Library Grant	2 136 981	6 376 969
	-	5 557
Unspent Conditional Government Grants-Operating		
Finance Management Grant (FMG)	12 839 623	11 091 387
Municipal Systems Improvement Grant (MSIG)	77 410	343 632
Provincial Grants	240 992	569 568
National Lottery Grant	26 982	26 848
Disaster Relief Grant	10 036 218	10 151 339
	2 458 020	-
<b>Total Unspent Conditional Grants and Receipts</b>	<b>158 782 701</b>	<b>128 929 303</b>
<b>Total unspent conditional government grants and public contributions</b>	<b>158 782 701</b>	<b>128 929 303</b>

**19 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade creditors	258 619 884	198 302 019
Retentions	24 666 488	41 200 550
Accrued Staff Leave	24 683 456	20 126 568
Accrued Bonusses	8 322 648	6 842 270
Motor Vehicle Licenses Province	18 874 594	9 939 048
Other creditors	5 780 714	4 423 003
<b>Total creditors</b>	<b>340 947 785</b>	<b>280 833 457</b>

The fair value of trade and other payables approximates their carrying amounts.

**20 DEFERRED REVENUE**

Delta EMD : Opening Balance	6 187 223	769 139
Delta EMD : Received during the year	-	5 418 084
Revenue recognised	(771 496)	-
<b>Total deferred revenue</b>	<b>5 415 727</b>	<b>6 187 223</b>

This was an advance payment by Delta EMD for the construction of a landfill site. Delta EMD receives preferential pricing on the use of the landfill site and the revenue recognised is the amount billed for the utilisation of the landfill site. This amount is therefore treated as deferred revenue.

**21 POST RETIREMENT HEALTH CARE EMPLOYEE BENEFITS**

The Municipality provides certain post-retirement health care benefits to staff. These health care benefits are unfunded. The municipality provides a 60% subsidy of medical scheme contribution to eligible in service and continuation members upon retirement subject to a maximum rand cap of R3,277.75 irrespective of marital status.

**21.1 Medical Aid Benefits Expense**

Current service cost	9 964 000	7 487 000
Interest cost	11 045 000	8 583 000
Actuarial (gain)/ losses	4 813 000	19 739 000
Expected employer benefits	(1 920 247)	(2 149 000)
<b>Net post retirement health care benefit expense</b>	<b>23 901 753</b>	<b>33 660 000</b>

The Medical Aid Benefit expense is included in employee remuneration.

**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
<b>21 POST RETIREMENT HEALTH CARE EMPLOYEE BENEFITS (cont.)</b>		
<b>21.2 Assumptions for actuarial valuation</b>		
The assumptions made for the actuarial valuation as at 30 June were as follows: -		
Expected medical aid benefit increases	7.75% p.a	7.75% p.a
Discount rate	8.75% p.a	8.75% p.a
Salary inflation	7.25% p.a	7.25% p.a
Expected retirement age (years)	60	60

A one percentage change in the assumed rate of increase of medical aid benefits would have the following effect:

	Decrease	Increase
	R	R
<b>30 June 2012</b>		
Health cost inflation effect on the current service cost	20 420 000	28 624 000
Health cost inflation effect on the defined benefit liability	128 039 000	168 496 000
Salary inflation effect on the health care benefit liability	150 434 000	151 180 000
Discount rate effect on the health care benefit liability	188 644 000	122 972 000
Retirement age effect on the health care benefit liability	159 254 000	143 147 000
<b>30 June 2011</b>		
Health cost inflation effect on the current service cost	16 756 000	26 307 000
Health cost inflation effect on the defined benefit liability	105 747 000	153 971 000
Salary inflation effect on the health care benefit liability	123 815 000	129 625 000
Discount rate effect on the health care benefit liability	158 256 000	104 779 000
Retirement age effect on the health care benefit liability	134 370 000	121 019 000

**21.3 Post-retirement Health Care Benefit Liability**

Present value of defined obligation (refer 11.4 below)  
**Net Post-retirement Health Care Benefit Liability**

151 472 753	127 571 000
<b>151 472 753</b>	<b>127 571 000</b>

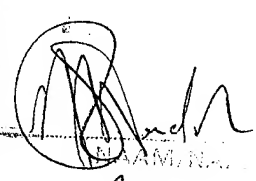
**21.4 Changes in post-retirement Health Care Benefits Liability**

Changes in the present value of the defined benefit liability are as follows: -

Balance at beginning of the year	127 571 000	93 911 000
Current service cost	9 964 000	7 487 000
Interest cost	11 045 000	8 583 000
Actuarial (gain)/ loss	4 813 000	19 739 000
Expected employer benefits	(1 920 247)	(2 149 000)
Balance at end of year	<b>151 472 753</b>	<b>127 571 000</b>

Disclosed in the Statement of Financial Position as follows:

Non-current portion	148 742 753	125 107 000
Current portion	2 730 000	2 464 000
<b>Total Post-retirement Health Care Liability</b>	<b>151 472 753</b>	<b>127 571 000</b>

  
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**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	R	R
<b>22 PROPERTY RATES</b>		
<u>Actual</u>		
Residential		
Commercial	99 011 659	77 854 848
Agricultural	119 808 783	100 453 478
Government	6 852 964	4 586 868
Other	14 382 796	11 189 800
Total	5 759 823	3 779 963
Property rates - penalties imposed and collection charges	245 816 025	197 864 957
<b>Total property rates</b>	<b>245 816 025</b>	<b>197 864 957</b>
<u>Valuations</u>		
Residential		
Commercial	22 183 810 576	21 759 389 033
Government	9 975 792 624	9 355 743 642
Municipal	885 971 017	772 906 016
Agriculture	2 214 956 708	2 201 342 203
Other	5 855 373 566	5 914 375 007
<b>Total Property Valuations</b>	<b>2 033 369 562</b>	<b>1 052 378 642</b>
	<b>43 149 274 053</b>	<b>41 056 134 543</b>

Valuations on land and buildings are performed every four years. The last valuation compiled in accordance with the Municipal Property Rates Act, 2004 came into effect on 1 July 2009. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

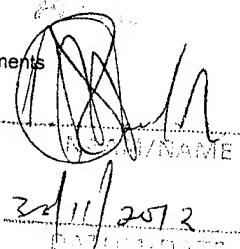
A general rate of 0.6978 cent in a Rand (2011 : 0.6646 ) is applied to property valuations to determine property rates. Various rebates are granted to residential, business, agricultural and other properties and/or categories of owners in terms of the approved Property Rates By-Law. A compulsory phasing-in discount is applied on all newly rateable properties in terms of section 21 of the Municipal Property Rates Act, 2004. Rates are levied on a monthly basis on property owners. Interest at 10 % per annum (2011 :11%) is levied on outstanding rates.

**23 SERVICE CHARGES**

Sale of electricity	494 836 665	400 935 298
Sale of water	25 750 588	25 646 895
Refuse removal	52 744 641	45 781 625
Sewerage and sanitation charges	14 827 316	12 644 148
<b>Total Service Charges</b>	<b>588 159 210</b>	<b>485 007 966</b>

**24 FINANCE INCOME**

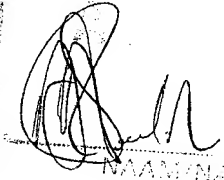
Cash and cash equivalent and investments	2 749 838	5 302 603
Outstanding consumer debtors	18 955 527	18 624 537
Other Debtors	353 569	-
Discounting	5 960 614	2 426 435
<b>Total Finance income</b>	<b>28 019 548</b>	<b>26 353 575</b>

  
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**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
<b>25 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Capital Grants</b>		
Municipal Infrastructure Grant		
Water Services Grant	81 610 409	71 921 379
Department of Minerals and Energy DME: Electricity Demand Side Management	3 521 226	28 303 304
Public Transport Infrastructure Services	-	8 743 525
Library Information and Communications Technology (ICT) Capital Grant	-	4 444 292
Lottery Grant	5 555	-
Mpumalanga Housing (Phumlani Projects)	133 612	-
Neighbourhood Development Partnership Grant (NDPG)	-	2 556 456
<b>Total Government Grant and Subsidies (Capital)</b>	<b>4 239 988</b>	<b>6 064 031</b>
	<b>89 510 790</b>	<b>122 032 987</b>
<b>Operating Grants</b>		
Equitable Share		
Municipal Systems Improvement Grant (MSIG)	279 161 976	247 674 576
Finance Management Grant (FMG)	1 118 576	790 834
Water Services Grant	1 516 222	1 188 379
Municipal Infrastructure Grant (Operating projects)	14 650 000	15 207 000
2010 Host City Operating Grant	29 357 446	22 674 660
Public Transport Infrastructure and Systems Grant - PTIS (Public Transport Plan 2010)	-	5 183 782
Integrated National Electrification Programme Grant (INEP)	-	14 030 857
Electricity Demand Side Management Grant (DME)	3 060 890	11 408 097
Department of Roads and Transport	5 130 317	-
Expanded Public Works Programme (EPWP) Grant	36 632 993	733 199
Other Provincial : Municipal Support Programme Grant	4 515 000	1 201 697
Other Provincial : Revenue Enhancement Grant	-	95 819
Other Provincial Department of Housing : Low cost Housing (Masoyi People's Housing Process)	-	97 282
<b>Total Government Grant and Subsidies (Operating)</b>	<b>-</b>	<b>397 069</b>
	<b>375 143 419</b>	<b>320 683 252</b>
<b>Total Government grants and subsidies (Operating and Capital)</b>	<b>464 654 209</b>	<b>442 716 239</b>
<b>Equitable Share</b>		
This grant is unconditional and is partially utilised for the indigent support through free basic services.	279 161 976	247 674 576
<b>Finance Management Grant</b>		
Balance unspent at beginning of year		
Current year receipts	343 632	532 011
Conditions met – transferred to revenue	1 250 000	1 000 000
Unspent amount transferred to liabilities (See Note 18)	(1 516 222)	(1 188 379)
	<b>77 410</b>	<b>343 632</b>
The grant was used for the financial management internship and reforms programmes. The conditions of the grant were met.		
<b>Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year		
Current year receipts	569 568	610 401
Conditions met – transferred to revenue	790 000	750 000
Unspent amount transferred to liabilities (See Note 18)	(1 118 576)	(790 833)
	<b>240 992</b>	<b>569 568</b>

This grant was used to fund the Municipal Property Rates Rates Implementation process, Asset Management, Upgrade of financial system and Municipal properties verification. The conditions of the grant were met.

  
 30/11/2012  
 AUDITATE



**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
<b>25 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
<b>Water Services Grant</b>		
Balance unspent at beginning of year		
Current year receipts	5 225 190	16 317 494
Conditions met – transferred to revenue	-	20 960 000
Unspent amount transferred to liabilities (See Note 18)	(3 521 226)	(32 052 304)
	<u>1 703 964</u>	<u>5 225 190</u>

This grant was used to fund the operating expenses for the water schemes transferred to the municipality by the Department of Water Affairs and Forestry (DWAF). The conditions of the grant were met.

<b>2010 Host City Operating Grant</b>		
Balance unspent at beginning of year		
Current year receipts	-	5 212 325
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities (See Note 18)	-	(5 212 325)
	<u>-</u>	<u>-</u>

This grant was used to fund operating expenses for primary health care, service rendered on behalf of the provincial government.

<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year		
Current year receipts	96 797 477	51 597 816
Conditions met – transferred to revenue	155 031 000	127 087 000
Other adjustments : transferred to operating	(81 610 409)	(71 921 379)
Unspent amount transferred to liabilities (See Note 18)	(29 357 446)	(9 965 960)
	<u>140 860 622</u>	<u>96 797 477</u>

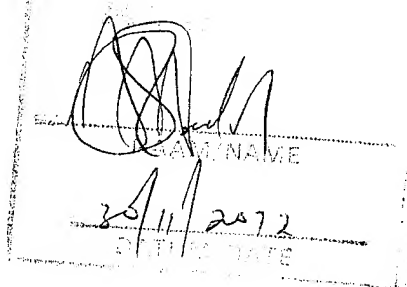
This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The amount transferred to operating relates to electrification projects and Ventilated Improved Pit (VIP) toilets which does not meet the criteria definition of a capital assets hence service delivery was done

<b>Public Transport Infrastructure and Systems Grant - PTIS (Public Transport Plan 2010)</b>		
Balance unspent at beginning of year		
Current year receipts	(10 906 774)	(97 431 625)
Conditions met – transferred to revenue	45 000 000	105 000 000
Other adjustments : transferred to operating	(36 632 993)	(4 444 292)
Unspent amount transferred to (receivables)/liabilities	-	(14 030 857)
	<u>(2 539 767)</u>	<u>(10 906 774)</u>

The grant was used to construct new and improve existing public transport and non-motorised transport infrastructure for the 2010 World Cup. The conditions of the grant were met and no funds have been withheld.

<b>Integrated National Electrification Programme Grant (INEP)</b>		
Balance unspent at beginning of year		
Current year receipts	4 302 401	13 246 551
Conditions met – transferred to revenue	-	1 220 000
Other adjustments : transferred to operating	(3 060 890)	(10 164 150)
Unspent amount transferred to liabilities (See Note 18)	-	-
	<u>1 241 511</u>	<u>4 302 401</u>

The grant was utilised to instal electricity infrastructure in informal areas. The conditions of the grant were met and no funds have been withheld. The electrification of households expenditure was transferred to operating expenditure as it is not Council 's assets

  
 30/11/2012  
 DATE

**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
<b>25 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
<b>Other Provincial Grants</b>		
Balance unspent at beginning of year		
Current year receipts	32 409	621 944
Conditions met – transferred to revenue (Operating Municipal Support)	133	934
Conditions met – transferred to revenue (Operating Revenue Enhancement)	-	(95 819)
Conditions met – transferred to revenue (Operating Provincial Housing)	-	(97 282)
Conditions met – transferred to revenue (Operating Community Libraries ICT)	(5)	(397 069)
Other adjustments	(5 555)	-
Unspent amount transferred to liabilities (See Note 18)	-	(299)
	<u>26 982</u>	<u>32 409</u>

The grants were utilised for various projects as set out in the conditions of the Grants

**Department of Roads and Transport**

Balance unspent at beginning of year	-	1 229 516
Current year receipts	-	-
Conditions met – transferred to revenue	-	(733 199)
Other adjustments	-	(496 317)
Unspent amount transferred to liabilities (See Note 18)	-	-

The grant to be used for co-funding a specific development project.

**Electricity Demand Side Management Grant (DME)**

Balance unspent at beginning of year	5 130 317	7 117 790
Current year receipts	-	8 000 000
Conditions met - transferred to revenue	(5 130 317)	(9 987 473)
Unspent amount transferred to liabilities (See Note 18)	-	5 130 317

**MP Housing Department (Phumlani Projects)**

Balance unspent at beginning of year	-	(3 815 502)
Current year receipts	-	6 371 958
Conditions met - transferred to revenue	-	(2 556 456)
Unspent amount transferred to liabilities (See Note 18)	-	-

The grant to be used for co-funding a specific development project.

**Neighbourhood Development Partnership Grant (NDPG)**

Balance unspent at beginning of year	6 376 969	8 941 000
Current year receipts	-	3 500 000
Conditions met - transferred to revenue	(4 239 988)	(6 064 031)
Unspent amount transferred to liabilities (See Note 18)	<u>2 136 981</u>	<u>6 376 969</u>

Grant to be utilised for the re-development in former R 293 towns.

**National Lottery Grant**

Balance unspent at beginning of year	10 151 339	1 131 370
Current year receipts	18 491	9 019 969
Conditions met - transferred to revenue	(133 612)	-
Unspent amount transferred to liabilities (See Note 18)	<u>10 036 218</u>	<u>10 151 339</u>

Grant to be utilised for Sports Development programmes. The conditions of the grant has not been met.

**Disaster Relief Grant**

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	2 458 020	-
Unspent amount transferred to liabilities (See Note 18)	-	-
	<u>2 458 020</u>	<u>-</u>

Grant to be used for immediate response to disaster within the municipality

MBOMBELA LOCAL MUNICIPALITY  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
26 RENTAL OF FACILITIES AND EQUIPMENT	R	R

Advertising signs	633 152	1 149 964
Flats	53 517	243 577
Halls	343 842	253 704
Sundry grounds and buildings	2 318 540	1 071 384
Mbombela Stadium	9 958 845	20 665 868
Personnel Housing	2 275 995	2 275 996
Concession rental	179 951	210 275
Other	16 430 504	26 496 324

27 AGENCY FEE

Department of Roads & Transport

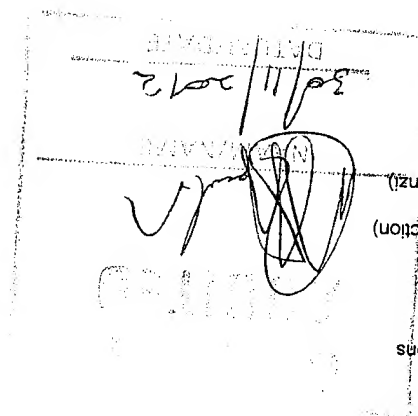
Revenue received on behalf of the Department  
Less: License Card Fees  
Less: VAT on Agency Fee  
Less: Accruals and Payments to the Department  
Agency Fee

85 599 993	22 676 006
(1 740 825)	(58 008 521)
(3 174 641)	(50 146 772)
(1 508 319)	20 663 295

The municipality acts as an agent for the Department of Roads and Transport in collecting motor vehicle licence fees. The agency fee comprises of a percentage of the fees collected.

28 OTHER REVENUE

Service Contributions  
Conditional Service Contributions  
Electrical Connections  
Electrical Re-connection Fees  
Licencing & Testing Grounds  
Prescribed Creditors  
Administration fees (Debt Collection)  
Concession Fee  
Water Cost Recovery (Sililumani)  
Prepaid Commission  
Building Plan Fees  
Insurance Claims  
Township Recovery Cost  
Burial Fees  
Sale of Bid Documents  
Clearance Certificates  
Coupons - Solid Waste  
Conference Registration Fees  
Refund - Workman's Compensation Act (WCA)  
Refund - Sector Education and Training Authorities (SETA)  
Sales - Sundry  
Fire Brigade Services  
Library Fees  
Sundry Income



29 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages  
Employee related costs - Contributions for UIF, pensions and medical aids  
Travel, motor car, accommodation, subsistence and other allowances  
Housing benefits and allowances  
Overtime payments  
Long-service awards  
Post retirement medical benefits  
Total Employee Related Costs  
There were no advances / loans to employees.

235 516 839	392 418 235
224 750 039	368 951 755
58 565 892	27 054 008
22 718 420	1 213 000
2 477 654	35 870 501
32 541 742	2 740 096
844 000	35 034 139
1 213 000	67 266 660
14 777 000	26 516 839

7 170 389	39 178 308
3 341 210	42 223 039
5 142 662	14 508 698
933 041	43 763
640 242	51 394
1 226 289	191 661
2 377 546	923 955
1 346 930	165 678
2 328 865	353 876
4 173 468	250 115
1 088 950	434 098
1 283 754	237 118
769 212	386 362
24 152	24 152
2 339 021	427 131
2 111 007	458 635
1 225 501	596 395
945 860	128 681
1 225 501	98 888
2 111 007	960 850
395 402	57 542
477 998	135 111
1 740 825	37 643
5 607 729	34 941
2 752 258	8 425 826
1 700 389	14 508 698

MBOMBELA LOCAL MUNICIPALITY  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
R		
R		

29 EMPLOYEE RELATED COSTS (cont.)

Remuneration of the Municipal Manager  
Annual Remuneration  
Vehicle & Other Allowances  
Contributions to UIF, Medical and Pension Funds  
Total

Remuneration of the Deputy Municipal Manager  
Annual Remuneration  
Vehicle & Other Allowances  
Contributions to UIF, Medical and Pension Funds  
Total

Remuneration of the Chief Finance Officer  
Annual Remuneration  
Vehicle & Other Allowances  
Contributions to UIF, Medical and Pension Funds  
Total

Remuneration of Individual General Managers  
2012

Annual Remuneration  
Vehicle & Other Allowances  
Contributions to UIF, Medical and Pension Funds  
Total

Remuneration of Individual General Managers  
2011

Annual Remuneration  
Vehicle & Other Allowances  
Contributions to UIF, Medical and Pension Funds  
Total

\* UIF = Unemployment Insurance Fund

30 REMUNERATION OF COUNCILLORS

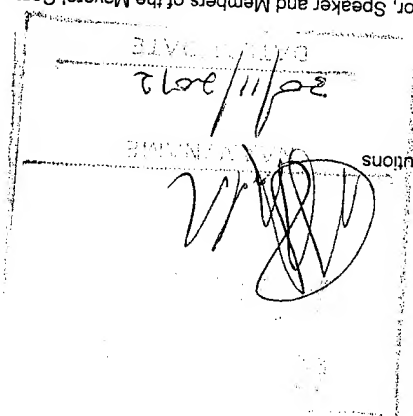
Executive Mayor  
Deputy Executive Mayor  
Speaker  
Executive Committee Members  
Councilors  
Councilors' pension and medical aid contributions  
Total Councilors' Remuneration

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Members of the Mayoral Committee are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has been allocated staff for protective services.

Council provided security at the private residences of the Executive Mayor and several other councillors through private security firms at the cost to Council.



684 201	532 545	632 371
-	495 353	79 687
5 009 027	4 003 536	
8 007 294	7 068 210	
1 290 661	1 278 170	
3 778 107	3 394 773	
19 301 835	16 952 099	

620 104	145 515	579 334
137 909	185 677	152 934
903 528	925 861	900 977

Technical Services	Corporate Services	Community Services
589 461	396 576	548 166
169 442	138 685	180 000
131 169	94 386	148 213
890 072	629 647	876 379

Technical Services	Corporate Services	Community Services
700 881	700 881	730 970
187 526	187 526	234 221
188 494	188 494	190 748
1 076 902	1 076 902	1 155 939

624 845	1 069 188	1 052 810
248 393	195 950	203 805
147 437		
701 568		

43 289	75 001	-
16 128	15 584	-
-	-	-
-	-	-

**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
R		R

289 413 008	267 862	2 402 604
280 246 598	222 296	2 968 300
	<b>283 437 194</b>	<b>292 083 474</b>

**32 FINANCE COSTS**

24 195 051	6 613 816	13 654 297
20 698 559	5 545 205	9 625 381
	<b>35 869 145</b>	<b>44 463 164</b>

Borrowings  
 Deferred Settlement terms  
 Provisions  
 Total Finance Costs

**33 BULK PURCHASES**

362 949 200	9 381 159	372 330 359
293 803 994	6 523 522	300 327 516

Electricity  
 Water  
 Total Bulk Purchases

**34 CONTRACTED SERVICES**

Contracted services for:  
 Stadium Management  
 Electricity Demand side management  
 Formalisation and Township Development  
 Household electrification & sanitation projects  
 Water purification and distribution  
 Information Technology (IT) Services  
 Meter reading services  
 Solid Waste Services  
 Security Services  
 Other services  
 Total Contracted Services

24 861 616	5 130 317	2 729 772
56 062 660	26 924 832	13 007 272
18 496 543	2 323 920	10 905 461
12 151 701	1 802 566	45 691 925
3 127 434	23 312 514	23 438 009
	14 266 670	9 987 473
	30 342 796	
<b>164 816 066</b>	<b>173 853 632</b>	

**35 GRANTS AND SUBSIDIES PAID**

Grant to SPCA for animal care  
 Total Grants and Subsidies Paid

SPCA = Society for the Prevention of Cruelty to Animals

271 360	271 360
<b>271 360</b>	<b>271 360</b>

2011 2012  
 NAME  
 DATE

MBOMBELA LOCAL MUNICIPALITY  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

36 GENERAL EXPENSES

Included in general expenses are the following:-

Advertising

Aerial Photography

Agency prepaid commission

Asset Register Update

Audit fees

Bank charges

Baseline Study

Bursaries

Chemicals

Cleansing hawkers Stalls

Conferences and delegations

Consultation and Development

Cleaning illegal dumping

Drivers Licence cards

Entertainment & Refreshments

Electrical Connections

Electricity (own usage)

Free Basic Water

Free Basic Electricity

Financial management grant

Indigent Subsidy

Insurance

Legal costs

Local Economic Development Programmes

Marketing

Master Plans, Business Plans & Feasibility Studies

Membership fees

Municipal Systems Improvement Grant

Public Participation

Public Transport Management Function

Protective & Official Clothing

Postage

Printing and stationery

Recruitment and Selection

Rental of office equipment

Rental of telephone system

Skills development levies

Sewerage & Water : Sililumanzi

Sports Programme

Telephone

Tourism Development

Training

Transversal Programmes

Travel and subsistence

Ward committees

Valuation roll costs

Other

Total General Expenses

37 REPAIRS AND MAINTENANCE

Roads

- Streets & Storm water

Water and Sewerage Infrastructure & Services

Vehicles

Electrical Infrastructure & Services

Parks, Gardens and Open Spaces

Buildings

Machinery & Equipment

Traffic Control Equipment

Landfill Site and Waste Removal Services

Sport Facilities

Other

51 947 920	49 949 782
29 681 637	35 424 292
22 266 283	14 525 490
8 481 646	20 198 937
22 923 355	17 505 293
20 112 181	16 268 930
4 840 135	4 428 558
5 441 129	5 047 514
2 585 566	1 500 273
1 263 334	1 551 011
9 340 129	2 173 050
683 162	642 652
877 176	858 182
128 495 730	120 124 182

909 434	1 001 662
1 978 200	-
1 758 395	1 582 517
771 373	1 338 721
4 132 130	4 332 028
1 955 699	1 904 407
10 635 249	-
1 707 963	2 019 987
1 038 377	732 329
-	29 180
377 472	1 503 303
3 339 254	23 203 195
1 821 389	333 291
1 940 359	1 490 591
1 847 088	681 226
2 624 108	783 489
25 206 288	20 274 655
13 125 000	17 500 000
3 384 885	1 561 605
1 515 766	1 257 365
3 230 703	2 889 095
6 222 529	5 854 575
2 893 425	4 035 020
2 888 532	628 633
693 016	-
3 490 332	1 660 206
2 661 403	790 834
1 106 956	1 862 429
1 006 820	14 030 857
35 458 413	1 224 389
1 725 428	1 681 501
1 375 606	3 028 502
3 225 387	339 996
883 248	338 837
398 439	745 800
187 706	2 681 929
3 108 583	5 796 431
7 321 133	143 905
2 493 215	4 991 736
4 546 073	-
2 982 151	4 086 500
3 299 387	488 088
1 001 511	3 153 053
4 255 361	1 949 789
4 849 756	5 922 231
1 339 042	5 292 398
11 692 761	151 383 282
194 405 349	151 383 282

MBOMBELA LOCAL MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
38 PROFIT (LOSS) ON DISPOSAL OF ASSETS	R	R
Property, plant and equipment		
Total Profit (Loss) on Disposal of Assets	(2 497 300)	5 125 757

	(2 497 300)	5 125 757
	(2 497 300)	5 125 757

39 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year

Adjustment for:-

Non-cash items:

(Gain) / loss on sale of assets

Contribution to provisions

Depreciation and amortisation

Debt impairment

Prior year adjustments

Cash items

Finance costs

Finance income

Operating surplus before working capital changes:

(increase)/decrease in inventories

(increase)/(decrease) in trade receivables

(increase)/(decrease) in other receivables

(increase)/decrease in VAT

(Decrease)/increase in conditional grants and receipts

(increase)/(decrease) in trade payables

(increase)/(decrease) in consumer deposits

(increase) / (decrease) in other liabilities

Cash generated by/(utilised in) operations

Cash and cash equivalents included in the cash flow statement

comprise the following:

Bank balances and cash

Net cash and cash equivalents (net of bank overdrafts)

41 CORRECTION OF ERROR

The net surplus/ (deficit) for the year has been adjusted by the following errors:-

Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations

Recognition of Revenue from Assets received at no consideration from other sphere of Government

Correction of depreciation for the 2010/2011 financial year

Escom Re-Billings for the 2010/2011 financial year

Recording of DWAF invoices to the correct financial period

Recording of ICT consultation invoices to the correct financial period

Recording of Consultation and Development invoices to the correct financial period

Recording Bulk Electricity invoices to the correct financial period

Recording the straight-lining of Operating leases to the correct financial period

Net effect on surplus

Restated surplus for the period

(12 154 620)

(212 151 624)

MBOMBELA LOCAL MUNICIPALITY  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

41 CORRECTION OF ERROR (cont.)

The opening accumulated surplus has been adjusted for the following errors:-

Net effect on surplus

Recording of DWAF invoices for the previous financial year which were omitted

Recognition of conditional service contributions revenue utilised in the previous year

DWAF funded projects, incorrectly funded from own funding,

Recognition of revenue for prior periods

Recognition of Municipal Infrastructure Grant revenue for the Project

Management Unit Operations

Eskom Re-Billings for the 2009/2010 financial year incorrectly included in 2010/2011 financial year

Correction of disposed Investment Property Assets incorrectly included

Correction of depreciation not included in 2009/2010

Loss on the disposal of Property, Plant and Equipment not included in 2009/2010

Straight-lining of Operating Leases 2009/2010

Net effect on the opening balance of the accumulated surplus

Restated balance

Assets

Liabilities

Net effect on Statement of Financial Position

42 CHANGE IN ACCOUNTING ESTIMATE

The original estimate on the provision for the rehabilitation of landfill sites was based on information that was only reliably and accurately available at that point in time. A change in the estimated amount for the provision of the rehabilitation of landfill sites was revised due to more accurate engineer's report being made available.

There was no effect on the current year's depreciation and interest cost resulting from the change in the accounting estimate as the revenue was conducted at financial year end. The change was added to the cost of the related asset in the current reporting period. The effect of the future periods is a cumulative average increase in the interest cost to R2,7 million over the next 3 years compounded at 11% per annum.



MBOMBELA LOCAL MUNICIPALITY  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	2011
R	R

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Reconciliation of unauthorised expenditure	
Opening balance	99 578 136
Unauthorised expenditure current year	113 642 754
Condoned or written off by Council	90 935 382
Transfer to receivables for recovery	-
Unauthorised expenditure awaiting authorisation/condonment	99 578 012
	(105 000 000)
	99 578 136

43.1 Unauthorised expenditure

Incident	
Conditional grants utilised for other purposes than intended for. An application for condonment of R113 million and R90.9 million unauthorised expenditure for 2009/2010 and 2010/2011 respectively has been submitted to the National Treasury on 24 April 2012. The unauthorised expenditure is in relation to the unlawful utilisation of the conditional grants in 2009/2010 financial year to counter fund the capital expenditure for the 2010 World Cup infrastructure. This happened after certain committed conditional grants were cut by the National Treasury and National Department of Transport without consulting the municipality.	6 190 876
Total Unauthorised Expenditure for the current year	6 190 876

43.2 Fruitless and wasteful expenditure

Reconciliation of Fruitless and Wasteful expenditure	
Opening balance	3 520 883
Fruitless and Wasteful Expenditure current year	4 352 251
Condoned or written off by Council	3 187 025
Transfer to receivables for recovery	-
Unauthorised expenditure awaiting condonment	7 873 134
	3 520 883

Incident	
Insurance claim repudiated due to expired public driver's permit (PDP)	64 000
Interest charged by suppliers for late payments	4 248 251
Fine paid to the Department of Economic Development, Environment & Tourism for illegal township development at Elandschoek	40 000
Total fruitless and wasteful expenditure for the current year	4 352 251

43.3 Irregular expenditure

Reconciliation of Irregular Expenditure	
Opening balance	41 919 802
Irregular expenditure current year	1 276 523
Condoned or written off by Council	41 157 656
Transfer to receivables for recovery	762 146
Amount Recovered	-
Unauthorised expenditure awaiting condonment	43 196 325
	41 919 802

Incident	
Awards made to employees of the Municipality	224 957
SCM processes not properly not followed	1 051 566
Total irregular expenditure for the current year	1 276 523

**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
R		
R		

**43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (cont.)**

<b>43.4 Material Losses</b>		
<b>43.4.1 Electricity losses</b>		
Electricity Purchased (KW)	651 031 239	582 817 181
Electricity Sold (KW)		
Electricity losses in KW	68 214 058	10.5%
Unit cost per KW	R 0.45	
Electricity losses in Rand value	25 700 890	30 841 142
<b>43.4.2 Water losses</b>		
Water pumped and distributed (KI)	3 250 362	2 334 338
Water sold (KI)		
Water distribution losses in KI	916 024	28.2%
Average Cost per KI	R 2.61	
Water losses in Rand value	2 390 823	2 365 521

Statistics for the Kabokweni area has not been included due to the lack of a 24 hours water supply which affects the metering system not to register properly.

**44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT AND APPLICABLE REGULATIONS**

**Section 125 of the Municipal Finance Management Act No. 56 of 2003**

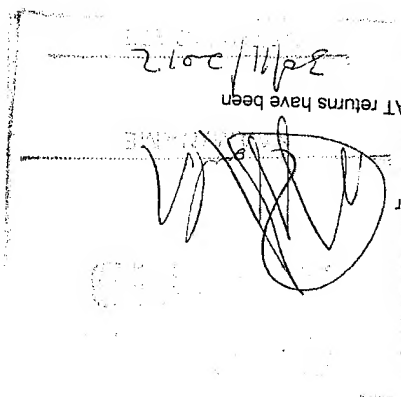
**Contributions to the South African Local Government Association (SALGA)**

Opening balance	1 649 930
Council subscriptions	2 645 417
Amount paid - current	(1 682 596)
Balance unpaid (included in payables)	962 821

Opening balance	238 633
Current year audit fee	2 261 317
Amount paid - current year	(314 821)
Amount paid - previous years	(2 089 611)
Balance unpaid (included in payables)	95 518

**VAT**  
Opening Balance  
Total Amount claimed from SARS during the year  
Adjustments after 30 June  
Amount due to the municipality  
VAT input receivables are shown in note 5. All VAT returns have been submitted by the due date throughout the year.

**PAYE and UIF**  
Opening balance  
Current year payroll deductions  
Amount paid - current year  
Balance unpaid (included in payables)  
The unpaid balance is the amount for June 2012 which was payable in July 2012



2 645 417	1 649 930
(1 682 596)	(1 649 930)
962 821	

95 518	238 633
2 261 317	2 261 317
(314 821)	(314 821)
(2 089 611)	(2 089 611)
95 518	

29 888 515	80 532 532
51 582 776	54 009 724
(80 423 072)	(103 804 253)
124	(849 489)
1 048 342	29 888 515

47 680 102	43 782 084
(43 828 463)	(43 782 084)
3 851 639	

# MBOMBELA LOCAL MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
R		R
44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT AND APPLICABLE REGULATIONS (cont.)		
Pension and Medical Aid Deductions		
Opening balance		
Current year payroll deductions and Council Contributions		
Amount paid - current year		
Balance unpaid (included in payables)		
The unpaid balance is the amount for June 2012 which was payable in July 2012		
	8 018 821	(56 301 113)
	94 156 001	(86 137 180)
		56 301 113

## Section 124 of the Municipal Finance Management Act No. 56 of 2003 Council's arrear consumer accounts

The following Councilors had arrear consumer accounts as at:

Less than 90 Days	90 Days and +	Total
420	26 951	27 371
453	22 083	22 536
1 012	19 767	20 780
326	18 127	18 454
578	16 582	17 160
272	10 432	10 704
745	9 292	10 037
267	9 987	10 253
28	3 034	3 062
187	1 520	1 707
172	754	926
52	745	796
4 512	139 272	143 784

Total councilors arrear consumer accounts

- Councilor J A Mkhonto
- Councilor S N Nyalunga
- Councilor B A Zulu
- Councilor S R Mabuzza
- Councilor M S Magagula
- Councilor V V V Nkosi
- Councilor B N Mduli
- Councilor A Kumba
- Councilor K E Maziya
- Councilor T G Mabuzza
- Councilor M J Msibi
- Councilor H L Thwala

30 June 2012

The following Councilors had arrear consumer accounts as at:

Less than 90 Days	90 Days and +	Total
209	24 680	24 890
322	19 393	19 715
459	14 429	14 889
152	15 591	15 743
885	13 172	14 057
127	7 249	9 107
288	8 980	9 107
385	6 907	7 292
15	2 878	2 894
87	1 936	2 023
79	442	521
477	44 757	45 233
208	17 844	18 052
144	9 678	9 822
3 837	187 936	191 773

Total councilors arrear consumer accounts

- Councilor J A Mkhonto
- Councilor S N Nyalunga
- Councilor B A Zulu
- Councilor S R Mabuzza
- Councilor M S Magagula
- Councilor V V V Nkosi
- Councilor B N Mduli
- Councilor A Kumba
- Councilor K E Maziya
- Councilor T G Mabuzza
- Councilor H L Thwala
- Councilor N W Motubaise
- Councilor V L Nzimande
- Councilor T C Simejane

## Section 36 of the Supply Chain Management Regulations

Deviations from Supply Chain Management Policy

Total deviations from Supply Chain Management Policy

Refer to Appendix E for details of the deviations

27 547 405	25 958 892
27 547 405	25 958 892

**MBOMBELA LOCAL MUNICIPALITY**  
**AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**45 CAPITAL COMMITMENTS**

**45.1 Commitments in respect of capital expenditure**

**Approved and contracted for**

Infrastructure  
Community  
Other

2012	2011
R	R
166 596 275	197 427 656
135 191 872	179 925 671
27 950 240	11 308 362
3 454 163	6 193 623

**The expenditure will be financed from**

Accumulated Surplus  
External Loans  
Government Grants

2012	2011
166 596 275	197 427 656
47 149 594	57 874 278
37 024 604	65 891 372
82 422 077	73 662 005

**45.2 Operating Leases**

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

**45.2.1 Operating leases - lessee**

Within one year  
In the second to fifth year inclusive  
After five years  
**Total**

1 156 521	195 877
1 984 128	566 427
-	-
<b>3 140 648</b>	<b>762 304</b>

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties and motor vehicles. Leases are negotiated for an average term of five years. No contingent rent is payable.

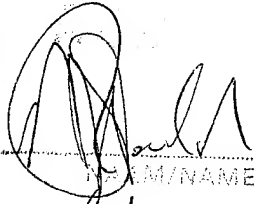
**45.2.2 Operating leases - lessor**

**Minimum lease payments due**

Within one year  
In second to fifth year inclusive  
After five years  
**Total**

2 275 995	2 275 995
3 034 660	5 310 655
-	-
<b>5 310 655</b>	<b>7 586 650</b>

Operating Leases consists of the following:

  
NAME/NAME  
30/11/2012  
DATE/DATE

Certain of the municipality's property, plant and equipment is leased to the water concessionaire. The rental amount after 5 years has not disclosed due to the 5 year periodical review.

**46 RELATED PARTIES**

Members of key management and the remuneration thereof are set out in Note 29.

The remuneration of councillors and other in-kind benefits is set out in Note 30.

The Municipality has an interest in Mbombela Economic Development Agency (MEDA), which is a dormant Section 21 Company.

**46.1 Related party balances**

There is no related party indebtedness.

**46.2 Related party transactions**

Contracts awarded to close family members of municipal officials  
Contracts awarded to own Employees

1 553 320	-
224 957	102 250
<b>1 778 277</b>	<b>102 250</b>

Refer to note 43 regarding Unauthorised, Irregular, Fruitless and Wasteful expenditure disallowed for contracts awarded to own employees

**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
<b>46 RELATED PARTIES (cont.)</b>		
<b>46.2.1 Contracts awarded to close family members of municipal officials</b>		
<b>Name of a company</b>	<b>Name of Official</b>	<b>Relationship</b>
Quick Fit Electrical Trading	HL Ground	Spouse
GM Sihlangu Construction	P J Sihlangu	Spouse
Happy People Trading	H Swart	Spouse
Ntshoyasana Trading	S E Bhiya	Spouse
Maxflow Trading	R Reingruber	Spouse
Dumanengidi Trading	M V Shongwe	Spouse
JVR Technologies	E P Janse Van Rensburg	Spouse
		<b>1 553 320</b>

**47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Municipality has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout the Annual Financial Statements.

**Credit risk**

Is the risk of financial loss to the Municipality if a consumer or counterparty to a financial instrument fails to meet its contractual obligations. Financial assets exposed to credit risk at year end were as follows:

- Consumer and other receivables
- Investments
- Loans receivable
- Cash and cash equivalents

Consumer and other receivables

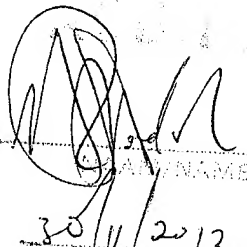
The Municipality's consumer and other receivables exposure to credit risk is influenced mainly by the individual risk characteristics of each consumer. Consumer receivables comprise of services supplied by the Municipality such as water, sanitation and rates levied. The Municipality's exposure is continuously monitored. The Municipality establishes an allowance for impairment that represents its estimate of incurred losses in respect of consumer and other receivables. No consumer or other receivables have been pledged as security. Certain consumer and other receivables that were past due have been defaulted on by counterparties, thus legal action has been instituted against these parties in an attempt to recover this debt, where debt is irrecoverable it has been written off. No conditions or terms of the consumer and other receivables have been re-negotiated with counterparties.

Investments

It is the Municipality's practice to limit its credit risk by only investing in registered banks in terms of the Banks Act, 94 of 1990. Given the high credit ratings of these financial institutions the Municipality does not expect any counterparty to fail to meet its obligation.

Loans receivable

Other loans are monitored on an ongoing basis and only credit worthy counterparties are transacted with. No loans have been pledged as security. Certain loans that are past due have been defaulted on by counterparties, thus legal action has been taken in certain circumstances against the counterparties in an attempt to recover the loan. When loans become irrecoverable they are written off. No conditions or terms of the loans have been re-negotiated with counterparties.

  
 30/11/2012

**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R

**47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)**

Cash and cash equivalents

The Municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa.

	2012	2011
	R	R
Maximum exposure to credit risk at reporting date was:		
Held-to-maturity investments	13 633 348	22 596 796
Cash and cash equivalents	35 792 008	15 773 122
<b>Total maximum exposure to credit risk (excluding loans and receivables)</b>	<b>49 425 356</b>	<b>38 369 918</b>

Maximum exposure to credit risk at reporting date for loans and receivables as per counter parties was:

	2012	2011
	R	R
Consumer debtors and other receivables	79 700 885	72 164 674
Other receivables	10 071 171	15 057 577
<b>Total maximum exposure to credit risk for loans and receivables</b>	<b>89 772 056</b>	<b>87 222 251</b>

**47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Impairment losses

All of the Municipality's financial assets have been reviewed for indicators of impairment. Certain receivables and investments were found to be impaired and a provision of **R 315 285 415** (2011: R 286 276 111) has been recorded accordingly. The impaired consumer receivables are mostly due from consumers defaulting on service costs levied by the Municipality. Refer to Note 3 for the impairment reconciliation of consumer and other receivables.

Some of the unimpaired consumer receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2012	2011
	R	R
Not more than 180 days	45 658 857	40 467 628
More than 180 days but not more than 1080 days	132 694 221	128 303 332
More than 1080 days	136 932 337	117 505 151
	<b>315 285 415</b>	<b>286 276 111</b>

The ageing of impaired consumer receivables at reporting date was as follows:

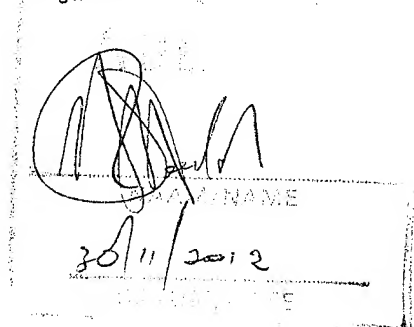
	2012	2011
	R	R
Not more than 180 days	55 363 845	8 992 990
More than 180 days but not more than 1080 days	-	-
More than 1080 days	-	-
	<b>55 363 845</b>	<b>8 992 990</b>

**Market risk**

Market risk is the risk that changes in the market prices, such as interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments.

Interest rate risk

The Municipality limits its interest rate risk on financial liabilities by ensuring that reasonable fixed interest rates are negotiated on long term borrowings.

A handwritten signature is written over a rectangular stamp. The stamp contains the date '30/11/2012' and the word 'NAME' followed by a line for a signature. The signature is written over the line.

**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
<b>47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continue)</b>		
At reporting date the interest rate profile of the Municipality's interest bearing financial instruments was:		
<b>Fixed rate instruments</b>		
Financial assets	139 197 312	125 592 169
Financial liabilities	402 486 396	352 469 437
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-

*Fair value sensitivity analysis on fixed rate instruments*

The Municipality does not account for any fixed rate financial assets and liabilities at fair value through surplus and deficit, therefore a change in interest rates at reporting date will not affect surplus for the year.

**Liquidity risk**

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unauthorised expenditure. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The Municipality has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

**48 CONTINGENT LIABILITIES**

**Damage Claims**

R

687 563

Prollius F B / Mbombela Local Municipality (MLM) - A defamation claim against the municipality and certain employees (vicarious liability). Council is contesting the claim based on legal advice. A court date has been set for 14 November 2012. (2011: R 100 000)

100 000

Tshisaphungo T / Mbombela Local Municipality (MLM) - An unlawful arrest, detention and malicious prosecution by MLM traffic officers. Council is contesting the claim based on legal advice. A court date has not been set. There are no merits to the claim. (2011: R 200 000)

200 000

Cooper G / Mbombela Local Municipality - An unlawful arrest and detention of a road user. Council is contesting the claim based on legal advice. A court date for the hearing has not been set. There are reasonable prospects of MLM succeeding with its defence.

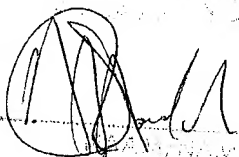
200 000

Telkom SA / Mbombela Local Municipality - A damage claim for a cable is made by the telecommunications company. The matter is being defended through an independent legal advice and there are reasonable prospects of MLM succeeding with its defence. A court date has not been set.

87 563

H C Chawane / Mbombela Local Municipality (MLM) - A damages claim due to water supply having been cut by Council. Council is contesting the claim based on external legal advice. A court date for hearing has not yet been set.

100 000



**MBOMBELA LOCAL MUNICIPALITY**  
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
<b>48 CONTINGENT LIABILITIES (cont.)</b>		
<u>Contract Claims</u>		
	<b>37 192 522</b>	
Ensemble Trading 546 LTD / Mbombela Local Municipality (MLM) - A procurement dispute – claim emanates from a cession of payment agreement which was not honoured by MLM. Council is contesting the claim based on legal advice. A court date has not been set. (2011: R 2 540 043)	2 540 043	
SCINFIN (PTY) LTD / Mbombela Local Municipality (MLM) - Procurement dispute – claim emanates from termination of a service contract between Council and Gestetner, which was ceded to SCINFIN. Council is contesting the claim based on legal advice. A court date has not been set. (2011: R 535 358)	535 358	
Basil Read (PTY) LTD / Mbombela Local Municipality (MLM) - Council is being sued for operational expenses incurred, goods delivered and services rendered. Council is contesting the claim based on legal advice. A court date has not been set.	768 506	
Department of Water Affairs / Mbombela Local Municipality - Unilaterally amended agreement for the provision of free raw water for 6 years period within the Niskazi/ Kanyamazane area. (2011: R 7 068 716)	11 510 110	
BOTMAC Mbombela (PTY) LTD / Mbombela Local Municipality (MLM) Installation, use and maintenance of portable and stationary speed/red light cameras, scanning and collection service. (2011: R 19 788 505)	19 788 505	
R K Phelembe / Minister of Police and Mbombela Local Municipality (MLM) - High Court summons - unlawful arrest and defamation. (2011: R 2 050 000)	2 050 000	
<b>Total Contingent Liabilities</b>	<b>37 880 085</b>	
<b>49 CONTINGENT ASSETS</b>		
<u>Contract Claims</u>		
	<b>10 734 119</b>	
Du Toit Smuts and Mathews Phosa Attorneys - Breach of contract for guarantees not sustained. (2011: R1 135 463)	1 135 463	
Aurecon - Council is claiming for recovery of funds paid to a contractor on breach of contract for the scope not included in the contract for a bus route project. (2011: R 2 598 656)	2 598 656	
Desert Wind Properties - Council is claiming for recovery of service contribution and breach of contract (2011: R 7 000 000)	7 000 000	
<b>Total Contingent Assets</b>	<b>10 734 119</b>	

\* MLM = Mbombela Local Municipality

**50 COMPARISON WITH THE BUDGET**

Actual Amount on comparable basis as presented in the Budget and Actual Comparative Statement

Explanation of significant variances greater than 10%

Revenue:

Investment Revenue

The variance is as a result of the discounting of creditors in terms of International Accounting Standard (IAS) 39 in order to determine the net present value as at 30 June 2012, this results in a non-financial interest revenue. The increase in debtors have also resulted in the increased interest on arrear accounts.



**MBOMBELA LOCAL MUNICIPALITY**  
**UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**APPENDIX A**

SCHEDULE OF INTEREST BEARING BORROWINGS AS AT 30 JUNE 2012									
Borrowings	Loan No.	Redeemable	Balance at 30 June 2011	Interest paid during the period	Interest accrued during the period (Not Paid)	Received during the period	Redeemed or written off during the period	Balance at 30 June 2012	
			R	R		R	R	R	R
<b>INTEREST BEARING</b>									
Local Registered Stock			3 000	-	-	-	-	3 000	
Stock Loan@ 11.60%	3	1976/2001	3 000	-	-	-	-	3 000	
<b>Annuity Loans</b>									
ABSA R14 350 000 @13.10%		2002/2012	3 140 238	277 648	-	-	2 303 212	837 026	
DBSA R22 000 000 @15.50%		1998/2016	14 942 817	2 168 129	-68,504	-	1 816 505	13 057 808	
DBSA R200 000 000 @ 12.62%		2010/2030	152 401 979	9 344 384	9 005 024	28,418,310	4 169 089	185 656 224	
STD R25 000 000 @ 10.50%		2005/2020	18 345 552	1,047,983.00	970,665	-	594 080	18 722 137	
			188 830 586	12 838 144	9 907 185	28 418 310	8 882 886	218 273 195	
<b>TOTAL INTEREST BEARING BORROWINGS</b>									
			188 833 586	12 838 144	9 907 185	28 418 310	8 882 886	218 276 195	

<b>MBOMBELA LOCAL MUNICIPALITY</b> <b>UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012</b> <b>APPENDIX B</b> <b>ANALYSIS OF PROPERTY, PLANT &amp; EQUIPMENT</b>													
	HISTORICAL COST				ACCUMULATED DEPRECIATION				CARRYING VALUE				
	Opening Balance 01 Jan. 2011	Transfers	Additional Transfers	Under Construction	Correction of error	Disposals	Closing Balance 30 June 2012	Correction of error	Transfers	Disposals	Impairment	Closing Balance 30 June 2012	Carrying Value
<b>LAND AND BUILDINGS</b>													
Civic land & buildings and other	611,890,558		11,892,884	4,802,811			628,586,253					628,586,253	628,586,253
Land fill site	57,550,410		3,351,611	3,351,611			63,253,632					63,253,632	63,253,632
	38,325,148		9,295,337	1,400,800			49,021,285					49,021,285	49,021,285
<b>INFRASTRUCTURE</b>													
Roads, pavements, bridges & stormwater	4,620,846,816		31,772,818	196,381,724			4,848,999,358					4,848,999,358	4,848,999,358
Water resources & sanitation	1,284,071,237		30,440,181	54,772,252			1,369,283,670					1,369,283,670	1,369,283,670
City parks, bus terminals & taxi ranks	1,284,071,237		4,130,853	36,122,851			1,324,324,941					1,324,324,941	1,324,324,941
Electricity	558,376,475		21,556,577	21,556,577			580,489,629					580,489,629	580,489,629
Streetscape purification & sanitation	668,080,645		6,891,141	9,891,094			674,862,880					674,862,880	674,862,880
Heating													
Street lighting													
Refuse sites													
Other (flood planning & development)													
<b>COMMUNITY ASSETS</b>													
Public & gardens	1,357,857,791		856,891	1,812,753			1,359,525,435					1,359,525,435	1,359,525,435
Sports fields	33,316,257						33,316,257					33,316,257	33,316,257
Community halls	1,278,154,971		427,642	427,642			1,278,582,613					1,278,582,613	1,278,582,613
Recreational facilities	28,303,465		1,385,111	1,385,111			29,688,576					29,688,576	29,688,576
Church	517,621						517,621					517,621	517,621
Museums & art galleries													
Cemeteries	13,620,418						13,620,418					13,620,418	13,620,418
<b>INVESTMENT PROPERTIES</b>													
TRIANGULARS	382,079,326						382,079,326					382,079,326	382,079,326
Buildings and other	11,716,482						11,716,482					11,716,482	11,716,482
Services	7,124,913						7,124,913					7,124,913	7,124,913
<b>BIOLOGICAL ASSET</b>													
OTHER ASSETS													
Other motor vehicles	162,846,238		23,380,148	186,216,386			189,596,534					189,596,534	189,596,534
Fleet & equipment	29,971,997		12,355,000	101,548,051			133,867,048					133,867,048	133,867,048
Merchandise	272,466		7,171,971	32,899,538			39,343,975					39,343,975	39,343,975
Security measures (including fencing)	387,955			272,466			660,421					660,421	660,421
Other (including IT)	47,086,508		3,883,195	50,869,703			54,752,898					54,752,898	54,752,898
<b>SPECIALISED VEHICLES</b>													
Refuse	38,832,416		4,131,186				42,963,602					42,963,602	42,963,602
Conservancy	14,681,534						14,681,534					14,681,534	14,681,534
Fire	4,381,086						4,381,086					4,381,086	4,381,086
Fire	20,885,796		4,131,186				25,016,982					25,016,982	25,016,982
<b>SUB TOTAL</b>	<b>8,443,923,820</b>		<b>71,424,080</b>	<b>132,899,887</b>			<b>8,648,247,787</b>					<b>8,648,247,787</b>	<b>8,648,247,787</b>
<b>Less: Accumulated depreciation</b>													
Landfill	444,066						444,066					444,066	444,066
Landfill	444,066						444,066					444,066	444,066
Office equipment													
<b>TOTAL</b>	<b>8,443,923,820</b>		<b>71,424,080</b>	<b>132,899,887</b>			<b>8,648,247,787</b>					<b>8,648,247,787</b>	<b>8,648,247,787</b>



**MBOMBELA LOCAL MUNICIPALITY**

**UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**APPENDIX C  
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**

	Actual R	Under Construction R	Total Additions R	Budget R	Variance R	Variance %	Explanations of significant variances greater than 10% versus budget
Finance & Administration	11,016,843	4,155,638	15,172,481	33,052,699	17,880,218	54.10%	
Planning and Development	1,372,749		1,372,749	4,013,980	2,641,231	65.80%	
Community and Social Services	13,229,374	2,836,011	16,065,385	20,616,202	4,552,817	22.08%	
Public Safety	5,631,534		5,631,534	8,024,978	2,393,444	29.82%	
Sports and Recreational		133,612	133,612	1,100,000	966,388	87.85%	
Waste Management	16,192,198	9,846,598	26,038,796	41,296,873	15,258,077	36.95%	
Roads Transport	46,963,434	26,198,998	75,162,433	171,968,019	96,805,586	56.29%	
Water	3,085,715	39,122,861	42,208,566	99,715,539	57,506,973	57.67%	
Electricity		22,535,527	22,535,527	34,401,628	11,866,101	34.49%	
<b>TOTAL</b>	<b>97,491,847</b>	<b>106,829,235</b>	<b>204,321,081</b>	<b>414,191,918</b>	<b>209,870,837</b>	<b>50.67%</b>	

**MBOMBELA LOCAL MUNICIPALITY**

**UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**APPENDIX D  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**

2011 ACTUAL INCOME R	2011 ACTUAL EXPENDITURE R	2011 SURPLUS / (DEFICIT) R	2012 ACTUAL INCOME R	2012 ACTUAL EXPENDITURE R	2012 SURPLUS / (DEFICIT) R
24,554	24,743,529	(24,718,975)	116,708	27,480,688	(27,363,980)
492,729,506	240,057,838	252,671,668	576,653,828	279,971,760	296,682,068
5,384,009	55,389,135	(50,005,126)	2,222,466	48,796,585	(46,574,119)
369,191	7,832,222	(7,463,031)	381,199	9,512,521	(9,131,322)
833,226	43,566,413	(42,733,187)	710,568	40,801,921	(40,091,353)
25,075,191	63,749,102	(38,673,911)	3,292,538	58,173,213	(54,880,676)
50,563,178	155,630,197	(105,067,019)	10,637,625	149,802,377	(139,164,752)
46,063,440	97,195,220	-	-	489,478	(489,478)
71,518,832	192,624,885	(51,131,780)	52,873,322	116,511,272	(63,637,950)
52,202,743	113,984,920	(121,106,053)	134,312,945	238,602,654	(104,289,709)
85,058,744	99,909,617	(61,782,177)	50,942,538	70,523,124	(19,580,585)
414,587,887	367,004,804	(14,850,873)	65,351,290	170,385,430	(105,034,140)
1,244,410,501	1,461,687,882	(217,277,381)	510,427,410	456,818,650	53,608,760
5,125,757	-	(217,277,381)	1,407,922,437	1,667,869,673	(259,947,236)
		5,125,757	-	2,497,300	(2,497,300)
<b>1,249,536,258</b>	<b>1,461,687,882</b>	<b>(212,151,624)</b>	<b>1,407,922,437</b>	<b>1,670,366,973</b>	<b>(262,444,536)</b>

Executive & Council  
Finance & Admin  
Planning & Development  
Health  
Community & Social Services  
Public Safety  
Sport & Recreation  
Environmental Protection  
Waste Management  
Road Transport  
Waste Water (Sewerage)  
Water  
Electricity  
Sub-Total  
Gain/(Loss) on sale of assets

# MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## APPENDIX E

### DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
RR Travel	-	201,095	-	201,095
4 Wheeler t/a Mbombela plant	-	-	2,025	2,025
A.J Broom Road Products cc	-	-	122,704	122,704
A.L Spinney Trading CC	-	-	2,500	2,500
Abakwanvuleni Trading CC	-	-	32,250	32,250
ABS International (Pty) LTD	-	-	44,400	44,400
Actom Nelspruit (Pty) LTD	-	-	446,524	446,524
Adrian Labuschagne Land Surveyors	-	-	20,862	20,862
Agri Operation LTD	-	-	2,899	2,899
Alm Training Academy	-	-	32,701	32,701
Air Liquide ( PTY ) LTD	1,188	-	1,748	2,937
All Golf Group	-	-	20,174	20,174
Alphata Mbuso Trading CC	-	-	3,180	3,180
Altec Auto Electrical	-	-	3,444	3,444
Alu CAD Design cc	-	-	48,588	48,588
Amadwala Trading 793 CC	-	-	10,300	10,300
Amber Cascades Trading CC	-	-	850	850
Amber Electrical CC	-	-	105,455	105,455
AMEU (Pty) LTD	-	-	6,240	6,240
Anjugin Pty Ltd t/a Qprint	-	-	87,313	87,313
Aoc Geomatics (Pty)Ltd	-	-	696,277	696,277
ARB Electrical Wholesalers	-	-	116,091	116,091
Armco (Pty) LTD	-	-	4,494	4,494
Asongeni Build It	-	-	42,648	42,648
ASW Andre Steel & Welding	-	-	12,369	12,369
Atlas Plastics (Pty) LTD	-	-	24,122	24,122
Avusa Media Limited	-	-	481,839	481,839
Babcock Equipment	-	-	12,470	12,470
Bamal Trading cc	-	-	29,000	29,000
Bambata pumbs (pty) ltd	-	-	134,907	134,907
Barbous Trading cc	-	-	2,400	2,400
Barloworld Equipment	-	-	121,764	121,764
Barprint (Pty) LTD	-	-	8,881	8,881
Barry theron electronics t/a electronics design	-	-	7,809	7,809
Battery Centre	-	-	648	648
Beckers Electrical CC	-	-	83,142	83,142
Bedlocks Trading CC	-	-	3,750	3,750
Bell Equipment	-	-	349,101	349,101
Bently sustaining infrastructure	-	22,360	-	22,360
Berco Express (Pty) Ltd	-	-	7,906	7,906
Bhosima Electrical & Construction	-	-	674,811	674,811
Big O Trading	-	-	149,306	149,306
Birchwood Hotel	-	-	2,502	2,502
Black Brother Production	-	-	4,300	4,300
Bobs Trading and Construction CC	2,850	-	2,850	5,700
Bokile construction and projects	-	-	17,784	17,784
Bongiskhumbuzo Trading CC	-	-	33,092	33,092
Bowcom (Pty) LTD	-	-	97,856	97,856
Brondal Group	-	-	38,810	38,810
Budget Van and truck rental	-	-	48,114	48,114
Bulk main Northern region ( SA Post Office)	-	167,365	-	167,365
Bundu Country Lodge	-	-	8,250	8,250
Business Presentation skills	-	-	7,011	7,011
C.J Hatting & Sons cc	-	-	53,149	53,149
Cam Track (Pty) LTD	-	-	95,760	95,760
Canon Masakhane	-	-	8,972	8,972
Cater Provider Trading CC	-	-	5,130	5,130
Cedzabutongo Trading CC	6,800	-	-	6,800
Changel Construction CC	-	-	12,551	12,551
Chaos Mash Trading CC	13,242	-	23,034	36,276
Chem-tec chemical services CC	-	-	530	530
Ck Plumbing and general suppliers	-	-	46,103	46,103
Clifford Technical Services CC	-	-	32,775	32,775
Computer Foundation	-	-	18,000	18,000
Conway general supplier	-	-	6,866	6,866
Compass Game Park services	-	-	16,000	16,000
Costa do sol restaurant	-	-	176,241	176,241
Coth Trade 041 cc t/a SNF Suppliers	-	-	82,718	82,718
Crane & Forestry Equipment	-	-	10,260	10,260

# MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## APPENDIX E

### DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Crawleys locksmith	-	-	267,654	267,654
Cruse Bushclearing Enterprise cc	-	-	221,693	221,693
CV & Propshaft Exchange Services	-	-	22,258	22,258
Cyrus Projects CC	-	-	1,650	1,650
D & P Chemical Distributors T/A Winmar	-	-	35,742	35,742
D Mac Hydraulics & Engineering	3,575	-	505,070	508,645
Damelin Lowveld	-	-	17,984	17,984
Dawson & Dobson (pty)LTD	20,563	-	70,893	91,456
Deeds web	-	-	516	516
Defacto investment 130 (pty) ltd T/A NELSPRUIT MI	-	-	2,080	2,080
Democracy Development Programme	-	-	3,000	3,000
DHL International (Pty) LTD	-	-	13,325	13,325
Diesel Electrical Services CC	-	-	25,862	25,862
Dikwerkwe Trading CC	-	-	16,400	16,400
Dlebenkomo Trading CC	-	-	4,600	4,600
Donsa Sawoti General Trading CC	-	-	7,500	7,500
Dr R.I Gangat	-	-	1,000	1,000
DT Shisela Trading CC	-	-	5,050	5,050
Du Toit Smuts & Mathews Phosa Attorneys	-	-	49,772	49,772
Dudu Chiloane	-	-	1,200	1,200
Eagle Owl Fencing CC	564	-	683	1,247
Earth 2 Earth CC	-	-	13,550	13,550
Eastern Transvaal Rubber Stamps CC	-	-	12,867	12,867
EFES trading enterprise	-	-	3,200	3,200
Electra Trading CC	-	-	5,620	5,620
Electrical C C	-	-	23,427	23,427
Electro Systems CC	74,207	-	109,402	183,609
Elester Kent Metering PTY LTD	-	-	196,342	196,342
Eliperty Trading Enterprise CC	-	-	2,200	2,200
Emaseko Lamastaftu	-	-	5,000	5,000
Exclusive Books	-	-	3,309	3,309
Farm City Nelspruit	-	-	3,589	3,589
Feelings & Thoughts	-	-	490	490
Felicide Trading	4,845	-	9,782	14,627
Fever Tree Nursery CC	-	-	32,109	32,109
Fintech	-	-	1,710	1,710
Fire Protection Association	-	-	5,535	5,535
Fleet Street Publication (Pty) Ltd	-	-	1,507	1,507
Forek Institute of Technology	-	-	23,750	23,750
Forms Media Independent Africa	-	-	128,261	128,261
Funchal Rest	-	-	7,921	7,921
Gallagher Electric fence	-	-	764	764
Garden Creation CC	-	-	7,700	7,700
Geoff Millar	-	-	4,240	4,240
Gijima Agriculture Supplier	-	-	8,400	8,400
Gimbers building construction	-	-	3,800	3,800
Global Africa Network	-	-	72,960	72,960
GM Sihlangu construction CC	2,500	-	6,800	9,300
GMHM Construction and project trading	-	-	1,800	1,800
Gold Bomber 7 trading CC	-	-	29,175	29,175
Grace Sikutu	-	-	800	800
Green Cross (Pty) LTD	-	-	6,808	6,808
Gunther Bush Clearing CC	-	-	79,253	79,253
GZX Business Enterprise	-	-	70,000	70,000
H20 International	-	-	285	285
Hamilton Hydraulic Services cc	-	-	4,710	4,710
Hasler Business Systems	-	50,485	-	50,485
He & She Driving School	-	-	17,226	17,226
Henque 2360 BK Nelspruit Crushers	-	-	93,081	93,081
Henque 3670 cc T/A JJ Hydraulics	-	-	3,179	3,179
Henque 1352 Trading	-	-	51,670	51,670
Hi Tech Fertigation	-	-	19,660	19,660
Hi Tech Milnex 411cc	-	-	378	378
Hitachi Construction Machinery SA	-	-	36,343	36,343
Hlatshwayo R.P	-	-	1,600	1,600
Homer Neethling	5,000	-	1,175	6,175
Honda Nelspruit	2,947	-	25,011	27,958
Hotel Numbi & Garden	-	-	4,800	4,800
Humantech (Pty) LTD	-	-	33,000	33,000

# MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## APPENDIX E

### DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Hydro Doors ( Pty) LTD	5,114	-	-	5,114
Hydrolic & Engineer ( Pty) LTD	-	-	1,083	1,083
Illuminate Trading CC	-	-	8,014	8,014
Imperial Lexus Nelspruit	3,159	-	63,291	66,450
Imsimbi Training	-	-	5,358	5,358
Imvelamphandla Trading cc	3,370	-	-	3,370
Indambi General Trading	37,460	-	11,420	48,880
Independent Newspaper (Pty) Ltd	-	-	2,639	2,639
Indumiso Amen glory general trading	-	-	8,340	8,340
Induna Power Products	-	-	8,330	8,330
Ingwenyama Confrence & Sport resort	-	-	97,215	97,215
Insikakho General Trading CC	-	-	5,350	5,350
Intelligence Transfer Centre CC	-	-	42,175	42,175
Intergrated Fire Security	-	-	6,940	6,940
Intergrity Control System ( Pty)LTD	-	-	4,931	4,931
Iphiile General Trading CC	-	-	206,907	206,907
Isu Lempilo Trading CC	-	-	24,500	24,500
IT Mokoena Trading CC	-	-	800	800
ITJ Import Trading CC	-	-	21,956	21,956
J&M Business security cc	-	-	121,266	121,266
J. Louis Van Rooy	-	-	33,060	33,060
James Fakude	-	-	5,500	5,500
Janny & Thembi Trading CC	-	-	29,788	29,788
Jetline Trading Sonpark	-	-	139,678	139,678
JJ Hydraulics CC	115	-	1,453	1,568
Johan Sauer Actuaries & Consultants	-	-	20,520	20,520
John Maytham Investment CC	-	-	96,572	96,572
Jojo Mhlanga Trading CC	-	-	7,640	7,640
JT Distributors	-	-	16,769	16,769
Juta and Company Ltd	-	-	418	418
Karino Concrete	-	-	72,414	72,414
Karino Wholesaler	-	-	8,052	8,052
Keils toilet hire and Enterprise	-	-	6,450	6,450
Kenfan Trading CC	11,920	-	13,650	25,570
Kgotso Edward Construction CC	3,900	-	-	3,900
Khaya LED	-	-	9,092	9,092
Kit Group Nelspruit Riverside	-	-	4,891	4,891
Kleenprint CC	-	-	8,101	8,101
Koketso Trading CC	-	-	9,197	9,197
Kokkie EE	-	-	5,000	5,000
Komatsu S.A	-	-	95,833	95,833
Kopizone digital print & copy	-	-	7,665	7,665
KPMG Service (PTY) Ltd	-	-	31,304	31,304
Kruger-Moeletsi Attorneys	-	-	378,153	378,153
Kruger National Park	-	-	6,224	6,224
Kuhle Transport Services	-	-	11,424	11,424
L K Hydraulic services CC	-	-	4,055	4,055
L.M Trading CC	-	-	400	400
Labserve (Pty) Ltd	-	-	19,855	19,855
Laeveld Bouhandelaars	-	-	1,421	1,421
Lakehore Trading 175 cc T/A Electro control	-	-	3,618	3,618
Landis & GYR (Pty)Ltd	-	-	505,531	505,531
Laser market	-	-	4,154	4,154
Lawrence Likhuleni	-	-	832	832
Ledusa Trading Enterprise	26,750	-	-	26,750
Lenfik Trading CC	-	-	900	900
Lenzo Trading CC	-	-	4,902	4,902
Lethabo Transport for hire CC	-	-	1,960	1,960
LFP Agricultural & Construction Equipment	-	-	2,648	2,648
Lift + shift Nelspruit	-	-	540	540
Ligwalagwala fm	-	-	30,096	30,096
Lindi & Menzi Trading CC	-	-	12,900	12,900
Lindiwe General Maintanance	-	-	24,500	24,500
Lithotech sale Pretoria	-	-	20,734	20,734
Livewire Engineering & consultant	-	-	239,004	239,004
Liwinile General Maintanance and construction	-	-	19,300	19,300
LMA Electrical CC	-	-	8,797	8,797
Loss Liquor store	-	-	10,318	10,318
Lowved Chamber of Business & Tourism	-	-	1,500	1,500



# MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## APPENDIX E

### DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Lowveld & Escape fire protection association	-	-	67,518	67,518
Lowveld Brake Tading CC	13,011	-	-	13,011
Lowveld Electrical Trading CC	-	-	88,493	88,493
Lowveld Garage Equipment	-	-	4,022	4,022
Lowveld Lifesaving club	-	1,800	-	1,800
Lowveld Maintenance and Plumbers CC	8,607	-	31,390	39,997
Lowveld Media ( MP news & Lowvelder)	-	-	822,219	822,219
Lowveld Office Automation (Pty) Ltd	-	-	1,383	1,383
Lowveld ready mix	-	-	26,283	26,283
Lukhaya Security Services	-	-	28,800	28,800
Lwandle Lethu Trading Enterprise	-	-	13,201	13,201
M J Sibiyi Construction	-	-	250	250
M.Q Maripane S.A Sign Language interpreter	-	-	4,000	4,000
MA IF Trading CC	-	-	353,851	353,851
Maagy's Trading CC	-	-	6,400	6,400
Mabhelengwane Trading CC	-	-	14,167	14,167
Mabuza and Sons Trading CC	-	-	14,050	14,050
Macbeth Ncongwane Attorneys	-	-	259,201	259,201
Madman Trading CC	-	-	10,000	10,000
Mafundo Status Trading CC	-	-	8,250	8,250
Magobheni Trading CC	-	-	2,200	2,200
Mahiya Trading CC	-	-	6,230	6,230
Mahlasedi Trading CC	-	-	4,449	4,449
Makheti's Trading CC	-	-	74,556	74,556
Malindza Trading Enterprise CC	13,950	-	59,350	73,300
Maliwavela Trading CC	9,097	-	-	9,097
Mandla Nhlapho	-	-	2,400	2,400
Maondo Status Trading CC	-	-	4,400	4,400
Marce Marketing t/a Marce fire fighting Technology	-	-	57,466	57,466
Marks Plumbing CC	935	-	2,541	3,476
Marumo Fatsi Trading CC	-	-	3,600	3,600
Marwin Trading Enterprise CC	6,165	-	-	6,165
Maseko B Lucas Professional Accountant	-	-	352,804	352,804
Mashmas General Trading CC	-	-	24,057	24,057
Masikhane Civic Construction CC	6,000	-	-	6,000
Masinyamise Trading CC	-	-	2,840	2,840
Masireni Trading CC	-	-	2,100	2,100
Mavuthela Womans Construction CC	20,190	-	-	20,190
Maxflow Irrigation CC	-	-	4,030	4,030
Maxluck Business Solution	-	-	145,594	145,594
Mazundu Security	-	-	3,200	3,200
Matjeya Bricks And Construction CC	-	-	38,688	38,688
Mculu Incorporate	-	-	83,338	83,338
Mdlavuzi Trading Enterprise	3,100	-	8,350	11,450
Mdwane Trading CC	11,480	-	-	11,480
Mdzabula Business Project	-	-	1,650	1,650
Mega Hydraulics	-	-	5,943	5,943
Mega Repairs and Trading CC	-	-	1,250	1,250
Menaba Development CC	-	-	49,248	49,248
Merlin Gerin SA	-	-	60,021	60,021
MG Nkosi	-	-	1,000	1,000
Mgomezulu & Cohn Recruitment ,placement & training	-	-	228,000	228,000
Mgwangwa's sound and audio visual and projects	-	-	16,193	16,193
Mhlengwa Transport CC	-	-	125,083	125,083
Mica Nelspruit	-	-	1,599	1,599
Milton sibusiso shongwe	-	-	400	400
Minatlou Trading 205 CC	-	-	2,800	2,800
Minuteman Press	-	-	15,873	15,873
Mjambula Construction CC	-	-	10,000	10,000
Mlambo Mbuyane Trading CC	-	-	900	900
Mlimi M.W	-	-	450	450
Mlotana Business Enterprise	-	-	1,800	1,800
Mnisi S.	-	-	400	400
Mnoluzi Electrical CC	-	-	23,114	23,114
Model Electric (Pty) Ltd	4,959	-	5,472	10,431
Mondlane Daniel J	-	-	832	832
Mozmas Trading CC	21,207	-	-	21,207
Mphakatsi Electrical cc	-	-	18,150	18,150
Mphenyatsatsi Suppliers and Projects cc	19,500	-	-	19,500

# MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## APPENDIX E

### DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Mpumalanga Cold Mix	-	-	20,520	20,520
Mpumalanga Copiers	-	-	10,066	10,066
Mpumalanga Performance Arts Laboratory	-	-	29,600	29,600
MR I.T Brown (photo shot)	-	-	2,160	2,160
Mr Robert Iekhuleni	-	-	400	400
Mshabile Trading CC	-	-	800	800
Mshengu Mabuza Investment CC	-	-	850	850
Msindazwe Project Management	-	-	6,840	6,840
Msogwaba Traditional council	-	-	10,000	10,000
Multichoice acc	-	6,508	-	6,508
Mpumalanga province Aquatic	-	29,936	-	29,936
Murariko Arts and culture project	-	-	32,100	32,100
Mutla Trading CC	12,486	-	-	12,486
Mvelobantu Trading CC	-	-	241,231	241,231
My Office Trading	-	-	10,279	10,279
Mdzabuko Investments (Pty) Ltd	-	-	4,100	4,100
MZL CT Trading CC	2,300	-	-	2,300
Mzombath General Trading CC	-	-	21,000	21,000
N.A Nkosi	-	-	1,600	1,600
Nandos Hazyview	-	-	658	658
Nashua Lowveld	-	-	17,372	17,372
National Circulation	-	-	3,515	3,515
NBH Springs	5,352	-	-	5,352
Ncetshe Construction cc	12,184	-	18,063	30,247
Nel signs	-	-	1,125	1,125
Nel Trophies cc	-	-	47,292	47,292
Nelspruit Auto Electrical	22,600	-	178,931	201,531
Nelspruit Battery Warehouse	-	-	21,600	21,600
Nelspruit Brake & Clutch	582	-	-	582
Nelspruit Crushers	-	-	11,496	11,496
Nelspruit Fuel Injection & Auto Electrical	3,845	-	12,032	15,877
Nelspruit Mica home ware house	-	-	2,980	2,980
Nelspruit Radiators	-	-	1,060	1,060
Nelspruit Rugby Stadium	-	-	25,000	25,000
Nelspruit Vehicle Protection Services	-	-	1,140	1,140
Network Occupational Health Services	-	-	80,199	80,199
Ngamane Construction	-	-	15,920	15,920
Ngobe-Nkosi Attorneys	-	-	229,516	229,516
Nguluzana Investment	8,650	-	-	8,650
Ngwenyama G.X	-	-	1,600	1,600
Nhlasa Trading CC	-	-	2,900	2,900
Nigel Fernsby	-	-	1,835	1,835
Nkosi Attorney & Associates	-	-	23,598	23,598
Nmankayi Consulting	4,788	-	-	4,788
Nola Trading Company	-	-	2,340	2,340
Nombuso communication	-	-	111,900	111,900
Nortech International	-	-	28,542	28,542
NOSA (Pty) LTD	-	-	57,658	57,658
Noshcom 2011	-	-	21,432	21,432
Nothesa Manufacturing	-	-	3,115	3,115
Novon (Pty) LTD	-	-	6,840	6,840
NPV Services	-	-	2,109	2,109
Ntabiseng Trading CC	-	-	4,881	4,881
Numbi Motors Pty Ltd	-	-	36,946	36,946
Olrac SPS Africa	-	-	8,273	8,273
Optimistic Skill Trading	2,790	-	26,700	29,490
Opto Africa (Pty) LTD	-	-	21,184	21,184
Orange Restaurant	-	-	1,305	1,305
Orion Property Holding Trust	-	-	12,398	12,398
OTIS Elevators	-	-	41,895	41,895
P.P.E Technologies	2,223	-	-	2,223
Pabx adaptor and installation	-	-	5,161	5,161
Panasonic (Pty) LTD	-	-	14,355	14,355
Paulen Logistics (Pty) LTD	4,145	-	-	4,145
Pay Day software system (Pty) LTD	-	27,736	-	27,736
P.C. Smit Pompe	111,173	-	483,922	595,095
Pengy construction CC	-	-	169,429	169,429
Pest x-Perts CC	-	-	3,192	3,192
Pevercoat Social Consulted & Event	-	-	24,000	24,000

# MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## APPENDIX E

### DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Philip Meyer Attorneys	-	-	29,925	29,925
Philix and Sun Trading CC	40,437	-	15,990	56,427
Photopro (Pty) LTD	-	-	1,650	1,650
Picto Busby ( Pty) LTD	-	-	27,753	27,753
Pirtek (Pty) LTD	-	-	926	926
Plumbing Lady Trading CC	111,730	-	145,804	257,534
Polvin Event Management	-	-	25,382	25,382
Pool Creations & Renovations CC	-	-	7,377	7,377
Power Man (Pty) LTD	-	-	1,928	1,928
Powerman sale CC	-	-	13,903	13,903
Premier Conferencing	-	-	18,126	18,126
Prodiba PTY LTD	-	4,215	-	4,215
Prosound (Pty) Ltd	-	-	36,872	36,872
Protea Hotel Manor	-	-	3,889	3,889
Protea Tyres Truck Den (Pty) Ltd	29,120	-	26,996	56,117
Pulse Electronics	-	-	16,710	16,710
Purple moss Trading CC	-	-	9,488	9,488
Quanu Trading CC	-	-	7,520	7,520
Quick Fit Electrical CC	141,208	-	722,995	864,203
Quick Focus Trading Int.	-	-	27,850	27,850
R& R Performance Exhaust and maintainance	-	-	12,370	12,370
Regenesys Business school	-	-	39,000	39,000
Reginald Hlatshwayo	-	-	2,000	2,000
Registrar of Deeds	-	-	234	234
Rephos Trading CC	-	-	1,000	1,000
Reptile Recovery	-	-	3,300	3,300
Rieba Clothing Trading	-	-	16,665	16,665
Richdad Trading	-	-	114,108	114,108
Richman Poorman	-	-	33,600	33,600
Ridds Aqua center (pty)ltd	-	-	16,313	16,313
Rising Sun Field Services and Maintenance	342	-	5,301	5,643
Ristar Lowveld Telephone system	-	-	4,858	4,858
Riverside Panel Beaters	-	-	11,628	11,628
Rodney Hofmann Consultants	-	-	47,520	47,520
Ronnie Swart	-	-	4,000	4,000
Ronny Hoffman Consultant	-	-	47,520	47,520
Rose & crown guest lodge	-	-	10,625	10,625
RSH Specixlity Chemicals	-	-	9,690	9,690
Rufwil Electrical	-	-	3,048	3,048
SABC Group sales & marketing	-	-	115,960	115,960
SADEC	-	-	36,833	36,833
Safet Media (PTY) Ltd	-	-	4,252	4,252
Safety access	1,700	-	3,325	5,025
Sarahomes construction	-	-	6,384	6,384
Satchtech System	-	-	6,280	6,280
Saw worx	-	-	40,326	40,326
SB Stander TA Pohls Panelsbeater	-	-	2,500	2,500
Schnereler Elach services & project	-	-	95,753	95,753
Screen-Rite	-	-	1,741	1,741
Sicede Trading CC	-	-	13,500	13,500
Sesanele Catering and project CC	-	-	11,900	11,900
Sew Eurodrive	-	-	154,960	154,960
Shabangu Mishack	-	-	800	800
Shabangu Transport	-	-	9,600	9,600
Sharmed waste management	-	-	7,001	7,001
Sibusiso Hlatshwayo	-	-	800	800
Sign Language Interpreter Gugu	-	-	4,000	4,000
Sikhukhula Trading Enterprice CC	-	-	3,650	3,650
Siklibhi semaDube General Transport, tour & cars	-	-	7,500	7,500
Silinda Mokoena Attorneys	-	-	444,825	444,825
Silver Star Trading CC	-	-	20,503	20,503
Sinellitsembe Trading CC	-	-	26,000	26,000
Sinonke Trading CC	-	-	53,000	53,000
Sipho's Irrigation System and Garden Services	17,841	-	-	17,841
Sisekelo Lesicinile Trading CC	-	-	11,248	11,248
Sitanamanzi Contractors CC	14,683	-	338,378	353,061
Sitimele Air CC	-	-	52,891	52,891
Sive Aircon & Electrical Solutions	51,984	-	-	51,984
Siza Umphakathi Trading Enterprises	24,000	-	4,950	28,950

# MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## APPENDIX E

### DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Sizwe Sibiya	-	-	832	832
Slam Paper Distributors CC	-	-	4,120	4,120
Sneakers Edition (Pty) LTD	-	-	55,200	55,200
SNH Business Seminars	-	-	17,497	17,497
Sinqobele Trading CC	-	-	13,400	13,400
Soletha Trading CC	4,300	-	-	4,300
Sound system/function design	-	-	29,950	29,950
Sparks & Ellis Uniforms	-	-	14,216	14,216
Speedy Tyres & Exhaust	-	-	10,119	10,119
Sphetsile enterprise CC	10,500	-	-	10,500
Spray Air services	-	-	28,410	28,410
Sprintelligent (Pty) LTD	-	-	23,590	23,590
Squirrel fast food	-	-	1,420	1,420
Stanford computer & business college	-	-	9,760	9,760
Starugan Trading	-	-	1,600	1,600
Steel Ropes CC	-	-	11,944	11,944
Steinmed waste management	-	-	10,026	10,026
Sudklor and sudfloc	-	-	9,915	9,915
Suid Chemie	-	-	9,915	9,915
Super Brake Services	-	-	1,103	1,103
Supa Sika Trading CC	-	-	4,450	4,450
Sure Engineering	-	-	26,178	26,178
Swanepoel & Partners Incorporated	-	-	93,989	93,989
Swaziland Investment Promotion Authority	-	-	5,364	5,364
Swift Plumbing & Electrical	-	-	18,872	18,872
Syntel (Pty) LTD	-	-	578,735	578,735
T.A Simelane	-	-	600	600
Tankman septic services CC	36,501	-	246,836	283,336
Teboho lehlohonolo Trading Enterprise CC	-	-	14,678	14,678
Tebza Lilly general trading CC	-	-	1,200	1,200
Technology integrated Solution TIS	-	-	147,474	147,474
Tekwane North Youth Development	-	-	18,000	18,000
Texida Agencies	-	-	57,040	57,040
Thaba General Trading CC	-	-	13,500	13,500
Thabethe Musa	-	-	1,856	1,856
The Courier and freight group	-	-	3,801	3,801
The Fever Tree Nursery	-	-	47,680	47,680
The Gaffrey Group	-	-	183,448	183,448
The nutting house lodge & conference facilities	-	-	6,800	6,800
The Surveryor General	-	47,400	-	47,400
Tidy Files	-	-	33,399	33,399
Tingwabela General Trading CC	-	-	1,500	1,500
Tinyikonjabulo Trading CC	-	-	850	850
Tiragalo Business Consulting	-	-	44,457	44,457
Tirepoint Nelspruit	-	-	49,635	49,635
Town Lodge	-	-	2,115	2,115
TP Training Solution	-	-	4,999	4,999
Traffic Signal and accessories cc	76,451	-	48,051	124,502
Transfarm Pharmaceuticals	-	-	8,727	8,727
Travel experience T/A Dana Agency	-	-	4,389,494	4,389,494
Trucks Parts (Pty) LTD	-	-	5,130	5,130
Trumvello Manufactures ( Pty)LTD	-	-	117,532	117,532
Tshepiso Trading CC	3,368	-	-	3,368
Tshwawe S E	-	-	1,200	1,200
Tsimane Power Maintenance	25,010	-	-	25,010
Tswelopele funeral services	-	-	29,925	29,925
Tunner morris (Pty) LTD	-	-	44,448	44,448
Turf Scape (Pty) LTD	13,634	-	-	13,634
Turner Morris (Pty) LTD	-	-	23,863	23,863
Twain2 (Pty) LTD	-	-	3,335	3,335
Ukwazi Engineering CC	-	-	28,990	28,990
Umbabano Property cc	-	-	1,283	1,283
Umber Cascader Trading	-	-	28,450	28,450
Umlozi Trading Enterprise CC	-	-	29,900	29,900
Umoja Management Solution CC	-	-	22,485	22,485
UMS ( Pty) LTD	-	-	12,383	12,383
Umsebe Development Planners	-	-	57,000	57,000
Umzansi Media News	-	-	43,500	43,500
Unison (Pty) LTD	-	-	63,926	63,926

# MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## APPENDIX E

### DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
University of Cape Town	-	-	22,000	22,000
University of Pretoria	-	-	127,750	127,750
Uxhumano Communications	-	-	23,982	23,982
Value Truck Rental	-	-	21,950	21,950
Van Wettens Breakdown Service (Pty) Ltd	22,313	-	-	22,313
Variprint ( Pty) LTD	-	-	9,972	9,972
Vision 2000 ( Pty) LTD	-	-	3,228	3,228
VPK business venture CC	-	-	210,000	210,000
Vunella Aircons CC	-	-	34,297	34,297
Vunnela Trading Enterprise CC	-	-	9,781	9,781
Waltons Stationery	-	-	35,182	35,182
Waterstop Konstrucsie	-	-	10,916	10,916
Westvaal delta /white river	-	-	4,737	4,737
Westvaal Nelspruit	37,362	-	-	37,362
White River Printers	-	-	44,440	44,440
Women in Power General Trading Enterprise	4,988	-	-	4,988
Worx of Africa	-	-	10,317	10,317
Xerx-Lowveld office Automachine	-	-	1,696	1,696
XPS Speed Services Couriers	-	-	8,872	8,872
Youth Genesis Business Services	-	-	1,350	1,350
Zama Irvin General Trading CC	-	-	9,200	9,200
Zamangwane Consulting t/a ZMG -Watech	-	-	105,717	105,717
Zerow Seven Trading CC	-	-	2,400	2,400
Zendubind Trading ( Pty) LTD	-	-	10,580	10,580
Zenhlanzile Trading Catering & Décor	-	-	5,158	5,158
Ziyaphenda Trading CC	-	-	3,600	3,600
Zumile Trading 321 CC	-	-	4,900	4,900
<b>TOTAL</b>	<b>1,228,860</b>	<b>558,899</b>	<b>25,759,645</b>	<b>27,547,405</b>

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**ANNEXURE B: AUDIT COMMITTEE'S  
REPORT**



## ANNEXURE B:

### MBOMBELA LOCAL MUNICIPALITY

#### ANNUAL REPORT OF THE AUDIT COMMITTEE OF MBOMBELA LOCAL MUNICIPALITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

The Audit Committee report herewith regarding its responsibilities for the year ended 30 June 2012.

#### 1. Committee Membership and Attendance of meetings

The Committee should meet quarterly during the financial year as per its approved terms of reference and five (5) meetings did take place during the year with one (1) being a special meeting:

	Names of members	Ordinary	Special
1	Mr. A C Keyser	5	1
2	Mr RTO Dipone	3	0
3	Ms C Nkuna	5	1
4	Mr E Cousins	4	1

#### 2. Audit Committee Responsibilities on Audit Matters

The Audit Committee reports that it has tried to comply with its responsibilities arising from section 166(2)(b) of Municipal Finance Management Act no 56 of 2003 (hereinafter "MFMA") and Regulation 3.1 of the Treasury Regulations. The Audit Committee also reports that it has adopted appropriate formal terms of reference as contained therein its charter, and unfortunately was unable to carry out all its responsibilities and functions in compliance with the terms of reference as approved primarily due to the continuous postponement and rescheduling of Audit Committee meetings.

The members of the Committee are all independent and have the required qualifications, skills and knowledge, which includes legal, business management, risk management, accounting and financial management, however, where the need arose the Audit Committee was able to obtain the required information from the appropriate experts and consultants.

The Committee is supposed to advise the Accounting Officer and Council on matters relating to internal financial control and internal audits, risk management, accounting policies, adequacy, reliability and accuracy of financial reporting and information, performance management and evaluation, effective governance, compliance with MFMA, the Annual Division of Revenue Act and any other applicable legislation or other issues referred to it by the Municipality.

Various recommendations, as per Section 121 (3) (j) of the MFMA have been made during the financial year, including those that have been recorded in the minutes of the Audit Committee. The following functions were carried out by the Audit Committee, as prescribed by the MFMA, in its meetings for the financial year ended 30 June 2012.

### **3. The effectiveness of internal controls**

The Council's system of internal control was originally designed to provide cost effective assurance that assets are safeguarded and liabilities and working capital are judiciously used. It is pleasing to note that risk management has in this financial year received the attention it deserves.

In accordance with the MFMA and King III report on Corporate Governance requirements internal audit should provide the Audit Committee and Management with the assurance that the internal controls are appropriate and effective.

However to achieve this, a risk management process must be instituted and following from this the identified risks must be rated and the steps taken to mitigate these risks must be clearly identified. Corrective action(s) and suggested enhancements to the internal controls and processes must then be implemented. The contents of the Audit Report on the Annual Financial Statements and the Auditor-General's management letter have indicated that in certain instances non-compliance with prescribed policies and procedures, laws and regulations have occurred. Of particular concern is the lack of internal audit reports submitted to the Audit Committee and the fact that the Audit Committee was not kept abreast of the progress around the Internal Audit plan. It was noted that weakness in internal audit unit was mainly due to the secondment of the Chief Audit Executive to corporate services department on 01 November 2012 which severely affected the individual independence of the CAE as well as the organisational independence of internal audit function. A co-sourcing of audit work was recommended to ensure that the internal audit unit is capacitated; however, these recommendations have not been implemented to date.

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Taking the above into consideration the Audit Committee can only report that the general system of internal control for the period under review was only partially effective and efficient precisely because of scope limitation on reports provided to the Audit Committee. A number of internal control deficiencies were also noted by the Auditor-General and internal audit has drawn up an action plan to monitor these. However due to the continuous postponement of meetings the Audit Committee is not au fait on the current status of these findings and this is, in our opinion, a major shortfall in the operations of Internal Audit.

Furthermore, the following number of recurring areas of weakness should be identified during the year and will continue to be monitored by the Committee at every meeting where it appeared on the agenda:

- Collapsed systems of internal control relating to financial application modules;
- Ineffective debt collection and creditors control;
- Ineffective financial management procedures resulting in unauthorised expenditure, irregular or fruitless and wasteful expenditure;
- Non-compliance to Supply Chain Management ("SCM") regulations, Municipal Finance Management, , DORA, SCM policies and procedures;
- Inadequate contract management and monitoring quality of performance by service providers and consultants;
- Inadequate leave administration procedures;
- Inadequate overtime management procedures;
- Recruitment of unsuitable incumbents into supervisory and managerial positions;

These factual findings are an indication that management is required to implement appropriate systems of internal control to address the identified weaknesses and possible irregularities. Significant control weaknesses have been reported by the Auditor-General under emphasis of matter and in the management letter. Management has prepared detailed plans to address the reported weakness and the implementation thereof is monitored by both Budget & Treasury Office as well as Internal Audit Unit.

#### **4. Evaluation of Financial Statements**

The Audit Committee has reviewed:

- the unaudited annual financial statements included in the draft annual report for the financial year ended 30 June 2012;

- Review the Auditor-General's management report and management letter and management's response thereto where these have been provided in time;
- reviewed, where possible, Council's compliance with legal and regulatory provisions; and
- accounting policies and procedures;
- material or significant adjustments resulting from the audit;
- major variances from prior year;

## **5. Evaluation of the effectiveness of Internal Audit and internal control systems**

### **Internal Audit Unit**

The internal audit process undertaken by Mbombela Internal Audit Unit provides oversight to obtain reasonable assurance regarding management's assertions that objectives outlined in the Integrated Development Plan (IDP) and Service Delivery & Budget Implementation Plan (SDBIP) are achieved especially for effectiveness and efficiency of operations, reliability of financial information, and compliance with laws and regulations as well as South Africa's Code on Corporate Governance.

During the year under review, the Internal Audit Unit did not fully discharge its responsibilities mainly because of lack of audit reports to the Audit Committee due to the reasons mentioned above.

## **6. Fraud and Irregular Activities**

The Municipality sustained its Fraud Prevention Plan throughout the financial year in order to attempt to minimize corruption related matters.

## **7. Performance Management Systems**

The Audit Committee reviewed the organisational score cards when submitted by management. Based on the review of the performance reports together with the performance management systems certain areas of non-compliance requiring improvements were noted. The Committee has however noted that systems and procedures in place require enhancement to monitor both organisational and individual performance.

## **8. Enterprise Risk Management**

During the year under review, the Municipality was in the process of implementing an enterprise-wide risk management system as required by MFMA. The method used is in line with Risk Management best practise as stipulated by the Accountant General: Public Sector Risk Management Framework of

July 2008. The Committee has reviewed the Risk Management Policy, Framework, Register and Strategies.

A risk assessment was held and the top key risks were identified, measured and prioritised. The top strategic risks as assessed by management that could impact on the ability of the municipality to meet its service delivery expectations, including but not limited to sustainable revenue, ineffective management of labour relations, failure of IT systems and support, fraud, theft, corruption and attraction and retention of critical skills. The Executive Management Team is also responsible for the continuous identification and mitigation of risks per Department and the Unit level risk register.


The Risk Management Unit maintains the risk registers and risk profile of the Municipality.

## **9. Conclusion and Appreciation**

The Audit Committee would like to take this opportunity to thank the Honourable Executive Mayor, Cllr Cathy Dlamini, for the fruitful meeting of 25 January 2012 whereby certain issues of importance were raised by the committee. Honourable Executive Mayor's attention to these matters is highly appreciated.

The Audit Committee would like to congratulate Council on the appointment of a Municipal Manager who has since year end commenced his duties. We trust that this will assist in ensuring stability and that internal audit unit is fully operational within the required resources.

The Audit Committee would further like to express its appreciation to the Honourable Executive Mayor for the fruitful meeting during January 2012 and to the support staff of internal audit as well as the Municipal Manager and Chief Financial Officer.



**A C KEYSER**  
**AUDIT COMMITTEE CHAIRPERSON**  
**MBOMBELA LOCAL MUNICIPALITY**

**DATE : 28 SEPTEMBER 2012**

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**ANNEXURE C: AUDITOR GENERAL'S  
REPORT**

# ANNEXURE 526 /2013

## REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE MBOMBELA LOCAL MUNICIPALITY

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the financial statements of the Mbombela Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Item A(3)  
4 pages

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## **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mbombela Local Municipality as at 30 June 2012 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

## **Emphasis of matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Restatement of corresponding figures**

8. As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of an error discovered during the year ended 30 June 2012 in the financial statements of the municipality at, and for the year ended, 30 June 2011.

## **Material losses**

9. The municipality suffered a significant water loss of 28,2% with a value of R2 390 823 and an electricity loss of 10,5% with a value of R30 841 142 during the year under review.

## **Material impairments**

10. As disclosed in note 3 to the financial statements, material impairments of R315 285 414 were incurred as a result of the provision for doubtful debts.

## **Additional matter**

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

## **Unaudited supplementary information**

12. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

## **Predetermined objectives**

14. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages xx to xx of the annual report.

15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information*.
16. The reliability of the information in respect of the selected development priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
17. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

#### **Additional matter**

18. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the matter below.

#### **Achievement of planned targets**

19. Of the total number of planned targets, only 176 were achieved during the year under review. This means that 43% of the total planned targets were not achieved during the year under review. This was due to budget constraints.

#### **Compliance with laws and regulations**

20. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

#### **Procurement and contract management**

21. Awards were made to providers who are persons in the service of the municipality or whose directors are persons in the service of the municipality, in contravention of Supply Chain Management (SCM) Regulation 44. Furthermore, providers failed to declare that they were in the service of the municipality, as required by SCM Regulation 13(c).
22. Awards were made to providers who are persons in the service of other state institutions or whose directors are persons in the service of other state institutions, in contravention of SCM Regulation 44. Similar awards were identified in the prior year and no effective steps had been taken to prevent or combat the abuse of the SCM process in accordance with SCM Regulation 38(1).

23. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM Regulation 46(2)(e).

#### **Internal control**

24. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

#### **Leadership**

25. The internal policies and procedures of the municipality did not adequately address processes pertaining to non-compliance with applicable laws and regulations.

#### **Financial and performance management**

26. The accounting officer did not sufficiently monitor compliance with laws and regulations.

*[Handwritten signature]*

Nelspruit

30 November 2012



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



**ANNEXURE D: PLANS TO ADDRESS  
ISSUES RAISED BY THE AUDITOR  
GENERAL**

# ANNEXURE 527/2013

IMPLEMENTATION PLAN TO ADDRESS AUDIT REPORT FINDINGS FOR THE 2011/2012 FINANCIAL YEAR					
Audit Report Ref.	Audit Query	Audit Finding	Ref. to Legislation or Acc. Standard	Action Required	Responsible Department / Completion Due Date
<b>MATTERS OF EMPHASIS</b>					
8	Restatement of corresponding figures	As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of an error discovered during the year ended 30 June 2012 in the financial statements of the municipality at and for the year ended 30 June 2011.	<b>GRAP 3</b>	<p>Update of the asset register in order to correct any errors</p> <p>Implement an invoice management system :</p> <ol style="list-style-type: none"> <li>1. All invoices to be submitted centrally at the Finance Department : Expenditure Unit</li> <li>2. A register of all received invoices will be kept</li> <li>3. All invoices to be forwarded to relevant Departments for confirmation and authorisation of the invoices for work done</li> <li>4. Follow up process will be put in place for all invoices not received from Departments</li> </ol>	<p>Financial Services</p> <p>31 July 2013</p> <p>Financial Services / All Departments</p> <p>30 June 2013</p>

Annexure 527/13  
Item A(3)  
6 pages

# ANNEXURE 527/2013

IMPLEMENTATION PLAN TO ADDRESS AUDIT REPORT FINDINGS FOR THE 2011/2012 FINANCIAL YEAR						
Audit Report Ref.	Audit Query	Audit Finding	Ref. to Legislation or Acc. Standard	Action Required	Responsible Department	Completion / Due Date
9	<b>Material Losses</b>	The municipality suffered a significant water loss of 28.2% with a value of R2 390 823 and electricity losses with the value of R30 841 142 during the year under review.	<b>MFMA</b>	Venus financial system to accrue all invoices.  Development of a strategy on the management of statistics on water and electricity losses.  Dedicated official to be appointed to be responsible for the reporting on the statistics on the losses which will be done monthly.  Fast tracking the appointment of professional service provider to assist with development and implementation of Water Conservation AND Demand Management strategy and implementation of water by-laws to curb illegal connection/unaccounted for water.	Financial Services / ICT  Financial Services  Financial Services  Technical Services :	30 June 2013  30 June 2013  30 June 2013  30 June 2013

# ANNEXURE 527/2013

IMPLEMENTATION PLAN TO ADDRESS AUDIT REPORT FINDINGS FOR THE 2011/2012 FINANCIAL YEAR						
Audit Report Ref.	Audit Query	Audit Finding	Ref. to Legislation or Acc. Standard	Action Required	Responsible Department	Completion / Due Date
				Introduce the energy efficiency initiatives at the treatment plants to reduce high consumption of electricity	Technical Services :	30 June 2013
				Audit of infrastructure and meters	Technical Services :	30 June 2013
10	Material Impairments	As disclosed in note 3 to the financial statements, material impairments of R 315 285 414 were incurred as a result of the provision for doubtful debts.		<p>The report on analysis and purification of debtors' and billing information project report on irrecoverable debts to be written off be finalised.</p> <p>The report be submitted to Council for approval.</p> <p>All debts approved for write off be written off against provision for doubtful debts before the end of the financial year.</p>	Financial Services	30 June 2013

# ANNEXURE 527/2013

IMPLEMENTATION PLAN TO ADDRESS AUDIT REPORT FINDINGS FOR THE 2011/2012 FINANCIAL YEAR						
Audit Report Ref.	Audit Query	Audit Finding	Ref. to Legislation or Acc. Standard	Action Required	Responsible Department	Completion / Due Date
OTHER LEGAL AND REGULATORY REQUIREMENTS : PREDETERMINED OBJECTIVES						
19	Performance Information: There were no material findings on the annual performance report concerning the usefulness and reliability of the information.	Additional Matter: Achievement of planned targets  Of the total number of planned targets, only 176 were achieved during the year under review. This means that 43% of the total planned targets were not achieved during the year under review. This was due to budget constraints		All the projects and programmes targets to be based on the available financial resources and be amended as such during the budget adjustment as per the mid-year performance report.	Monitoring and Evaluation / All Departments	28 February 2013
21	Procurement and Contract Management	Awards were made to providers who are persons in the service of the municipality or whose directors are persons in the service of the municipality, in contravention of Supply Chain Management Regulation 44. Furthermore, providers failed to declare that they were in the service of the municipality as required by SCM Regulation 13 (c)	MFMA/ SCM regulation	Affected Service Providers will be notified of the transgression as per SCM regulation 44 and audi alteram partem rule will be exercised.  Affected service providers including their directors will be forward to National Treasury	Financial Services	30 June 2013

# ANNEXURE 527/2013

[illegible]

# ANNEXURE 527/2013

IMPLEMENTATION PLAN TO ADDRESS AUDIT REPORT FINDINGS FOR THE 2011/2012 FINANCIAL YEAR						
Audit Report Ref.	Audit Query	Audit Finding	Ref. to Legislation or Acc. Standard	Action Required	Responsible Department	Completion / Due Date
23	Procurement and Contract Management	Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest as required by SCM Regulation 46 (2) (e)	MFMA/SCM regulation	Employees are requested to disclose their business interest on an annual basis during November.  All new employees are and will be required to disclose their business interest on appointment acceptance forms.	Office of the Municipal Manager / Corporate Services	30 November 2013  On going
25	Leadership	The internal policies and procedures of the municipality did not adequately address processes pertaining to non-compliance with applicable laws and regulations.		A municipal wide compliance register will be compiled.	Office of the Municipal Manager	30 June 2013
26	Financial and Performance Management	The accounting officer did not sufficiently monitor compliance with laws and regulations.		A municipal wide compliance register will be compiled.	Office of the Municipal Manager	30 June 2013